

# Tortoise Pipeline & Energy Fund, Inc.

2014 2nd Quarter Report • May 31, 2014



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 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

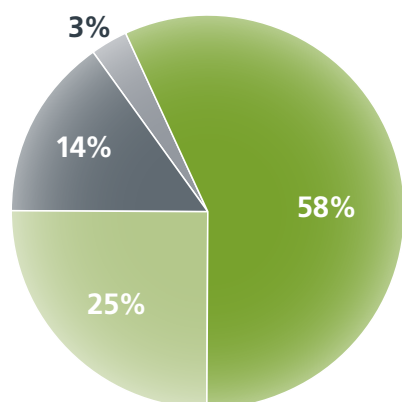
**Exposure to expanded energy infrastructure** growth projects that connect new areas of supply with demand

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

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

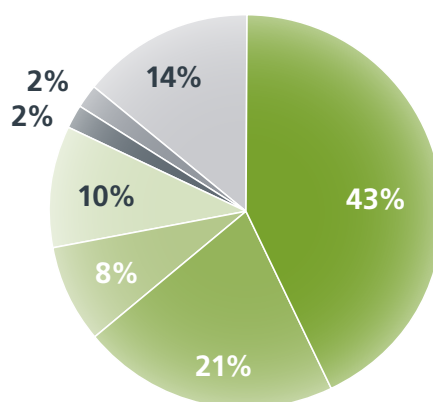
**Expertise of Tortoise Capital Advisors**, a leading and pioneering energy infrastructure investment firm

### Portfolio statistics by ownership structure



- Pipeline C-Corps/LLCs
- MLPs
- Integrated/Independent Energy Companies
- Other

### Portfolio statistics by asset type



- Natural Gas Long Haul Pipelines
- Crude/Refined Products Long Haul Pipelines
- Local Distribution Pipelines
- Gathering Pipelines
- Marine Transportation
- Power/Utility
- Integrated/Independent Energy

## June 23, 2014

### Dear fellow stockholders,

The second fiscal quarter ending May 31, 2014 was positive for North American pipeline companies whose success continued to be driven by the robust North American crude oil and natural gas production that is creating the critical need for energy infrastructure build-out.

With respect to the broad market, equities demonstrated some volatility as the second quarter unfolded, although strength among blue chips and stronger-than-expected first-quarter earnings reports from nearly three-quarters of the companies in the S&P 500 helped maintain a generally upward trajectory. For the three- and six-month periods ending May 31, 2014 the S&P 500 Index® returned 4.0 and 7.6 percent, respectively, with energy, utilities, consumer staples and materials emerging as the best-performing sectors.

### Pipeline sector review and outlook

The Tortoise North American Pipeline Index<sup>SM</sup> returned 9.2 and 16.6 percent for the three- and six-month periods ending May 31, 2014. Strong oil and natural gas production growth out of premier North American shales is driving the need for new infrastructure, and pipeline companies are responding. While infrastructure build-out continues for both crude oil and natural gas liquids pipelines, there is an increase in natural gas pipeline solutions, especially around the gas-rich Marcellus shale in Pennsylvania. Additional investments are being made to enable gas pipelines to reverse the direction they transport gas. As the sources of oil and gas have shifted, some pipelines are adding bi-directional capability and reversing flow, reflecting how domestic production growth is reducing our reliance on imported energy and changing the way it moves around our country.

Capital markets continued to underpin sector growth, with MLP and pipeline companies raising nearly \$20 billion in equity and more than \$17 billion in debt offerings during the second fiscal quarter, bringing the totals for debt and equity raised during the first half of the fiscal year to approximately \$26 billion and \$24 billion, respectively, including three new IPOs in the second fiscal quarter. Merger and acquisition

activity has remained healthy, with approximately \$16.3 billion in MLP and pipeline transactions announced during the year so far. The largest of these was Kinder Morgan's dropdown of natural gas assets to El Paso Pipeline Partners, LP in a deal valued at approximately \$2 billion. As part of the deal, El Paso will acquire 50 percent interests in Ruby Pipeline and Gulf LNG and a 47.5 percent interest in Young Gas Storage.

### Fund performance review

The fund's total assets increased from \$417.1 million on Feb. 28, 2014 to \$456.9 million on May 31, 2014, primarily from net realized and unrealized gains on investments and a \$5.6 million increase in leverage. As fund assets increased, leverage (including bank debt, senior notes and preferred stock) as a percent of total assets remained relatively consistent, closing the quarter at 19.7 percent.

At fiscal quarter end, the fund paid a distribution of \$0.4075 per common share (\$1.63 annualized) to stockholders. This distribution represented an annualized distribution rate of 5.0 percent based on the fund's fiscal quarter closing price of \$32.95.

For the fiscal quarter, the fund's market-based total return was 14.9 percent and its NAV-based total return was 12.8 percent (20.3 and 23.0 percent for the six months, respectively) including the reinvestment of distributions. The difference between the market value total return and the NAV total return reflected slight narrowing in the discount of the fund's stock price to its NAV during the quarter.

### Key quarterly performance drivers

- Strong North American crude oil and natural gas production continued to drive pipeline infrastructure expansion projects, which helped the fund's asset performance during the fiscal quarter.
- Selection of natural gas pipeline general partners that benefitted from their locations near the growing supply that connect to areas of the greatest demand, contributed positively.

- Gathering and processing pipeline companies that demonstrated solid fee-based growth profiles relating to the increasing demand for and production of natural gas liquids also contributed.
- Astute selection in crude oil and refined products pipeline companies, particularly those with ties to the Gulf Coast, contributed to the fund's strong performance.
- The fund's covered call strategy, which focuses on independent energy companies that are key pipeline transporters, continued to provide current income. The notional amount of the fund's covered calls averaged approximately 14.1 percent of total assets and their out-of-the-money percentage averaged approximately 5.9 percent during the quarter. These companies also provided an additional boost to the fund's overall absolute performance.

Additional information about the fund's financial performance, distributions, and leverage is available in the Key Financial Data and Management's Discussion sections of this report.

## Concluding thoughts

We believe the prolific volumes of oil and natural gas being produced in the premier basins will continue to drive the need for new pipelines to remove bottlenecks and transport these valuable resources from areas of new and growing production to end users.

In closing, we invite you to visit Tortoise's new educational microsite, [www.uncoverenergy.com](http://www.uncoverenergy.com), which provides articles covering 10 themes that trace North America's energy past, present and future. We created this site as part of our commitment to promote education and knowledge about the energy sector. It is designed to be a resource for the investment community, educators and the general public. As always, we welcome your feedback and suggestions. Also, if you haven't had a chance to view our May webcast of the annual stockholders meeting, we encourage you to do so.

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

*The Tortoise North American Pipeline Index<sup>SM</sup> is a float-adjusted, capitalization-weighted index of energy pipeline companies domiciled in the United States and Canada. The S&P 500 Index<sup>®</sup> 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.

	2013			2014	
	Q2 <sup>(1)</sup>	Q3 <sup>(1)</sup>	Q4 <sup>(1)</sup>	Q1 <sup>(1)</sup>	Q2 <sup>(1)</sup>
<b>Total Income from Investments</b>					
Dividends and distributions received from investments	\$ 3,144	\$ 3,153	\$ 3,125	\$ 3,246	\$ 3,425
Less foreign withholding taxes	(45)	(42)	(39)	(38)	(41)
Dividends paid in stock	616	631	649	663	681
Net premiums on options written	1,643	1,659	1,679	1,837	1,685
Total from investments	5,358	5,401	5,414	5,708	5,750
<b>Operating Expenses Before Leverage Costs</b>					
Advisory fees, net of fees waived	854	862	872	925	1,032
Other operating expenses	137	132	134	152	162
	991	994	1,006	1,077	1,194
Distributable cash flow before leverage costs	4,367	4,407	4,408	4,631	4,556
Leverage costs <sup>(2)</sup>	629	628	630	637	643
<b>Distributable Cash Flow<sup>(3)</sup></b>	<u>\$ 3,738</u>	<u>\$ 3,779</u>	<u>\$ 3,778</u>	<u>\$ 3,994</u>	<u>\$ 3,913</u>
<b>Net realized gain on investments and foreign currency translation, for the period</b>	\$ 2,301	\$ 2,921	\$ 9,613	\$ 4,870	\$ 3,664
<b>As a percent of average total assets<sup>(4)</sup></b>					
Total from investments	5.65 %	5.64 %	5.56 %	5.69 %	5.26 %
Operating expenses before leverage costs	1.05 %	1.04 %	1.03 %	1.07 %	1.09 %
Distributable cash flow before leverage costs	4.60 %	4.60 %	4.53 %	4.62 %	4.17 %
<b>As a percent of average net assets<sup>(4)</sup></b>					
Total from investments	7.24 %	7.23 %	7.16 %	7.34 %	6.64 %
Operating expenses before leverage costs	1.34 %	1.33 %	1.33 %	1.39 %	1.38 %
Leverage costs and current taxes	0.85 %	0.84 %	0.83 %	0.82 %	0.74 %
Distributable cash flow	5.05 %	5.06 %	5.00 %	5.13 %	4.52 %
<b>Selected Financial Information</b>					
Distributions paid on common stock	\$ 4,077	\$ 4,081	\$ 4,082	\$ 4,082	\$ 4,082
Distributions paid on common stock per share	0.4075	0.4075	0.4075	0.4075	0.4075
Total assets, end of period	372,498	380,701	392,764	417,127	456,893
Average total assets during period <sup>(5)</sup>	376,027	379,776	390,256	406,555	433,489
Leverage <sup>(6)</sup>	80,500	81,700	87,200	84,400	90,000
Leverage as a percent of total assets	21.6 %	21.5 %	22.2 %	20.2 %	19.7 %
Net unrealized appreciation, end of period	55,953	63,230	69,119	90,160	128,774
Net assets, end of period	286,167	292,958	303,797	326,739	363,949
Average net assets during period <sup>(7)</sup>	293,444	296,319	303,301	315,189	343,389
Net asset value per common share	28.60	29.25	30.33	32.62	36.34
Market value per common share	29.05	27.65	28.11	29.04	32.95
Shares outstanding (000's)	10,004	10,016	10,016	10,016	10,016

(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 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 within each period.

## Management's Discussion (unaudited)

*The information contained in this section should be read in conjunction with our Financial Statements and the Notes thereto. In addition, this report contains certain forward-looking statements. These statements include the plans and objectives of management for future operations and financial objectives and can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," or "continue" or the negative thereof or other variations thereon or comparable 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 and leverage increased during the quarter, contributing to an increase in total assets of approximately \$39.8 million since February 28,

2014. 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, master limited partnerships ("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

## Management's Discussion (unaudited)

(continued)

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 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. We typically aim to write call options that are approximately 5 to 15 percent out-of-the-money on approximately 20 percent of our portfolio, although we may adjust these targets depending on market volatility and other market conditions.

Total distributions received from our investments and option strategy for the 2nd quarter 2014 were approximately \$5.8 million, an increase of 7.3 percent as compared to 2nd quarter 2013 and an increase of 0.7 percent as compared to 1st quarter 2014. This reflects earnings on our investments of \$4.1 million and net premiums on options written of approximately \$1.7 million. On an annualized basis, the

total received from investments equates to 5.26 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 1.09 percent of average total assets for the 2nd quarter 2014, an increase of 0.04 percent as compared to 2nd quarter 2013 and an increase of 0.02 percent as compared to 1st quarter 2014. Advisory fees for the 2nd quarter 2014 increased 11.6 percent from 1st quarter 2014 as a result of increased average managed assets for the quarter as well as the full impact of the reduced advisory fee waiver that took effect during the 1st quarter 2014. While the contractual advisory fee is 1.10 percent of average monthly managed assets, the Adviser waived an amount equal to 0.20 percent of average monthly managed assets for calendar year 2013, and has agreed to waive an amount equal to 0.15 percent of average monthly managed assets for calendar year 2014. Other operating expenses increased approximately \$10,000 as compared to 1st quarter 2014, mainly due to an increase in professional fees and asset-based 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 2nd quarter 2014, a slight increase as compared to 1st quarter 2014 due to increased leverage utilization.

The weighted average annual rate of our leverage at May 31, 2014 was 2.78 percent including balances on our bank credit facility which accrue interest at a variable rate equal to one-month LIBOR plus 1.125 percent. Our weighted average rate may vary in future periods as a result of changes in LIBOR, the utilization of our credit facility, and as our leverage matures or is redeemed. Additional information on our leverage is included in the Liquidity and Capital Resources discussion below.

### Distributable cash flow and capital gains

For 2nd quarter 2014, our DCF was approximately \$3.9 million, a decrease of 2.0 percent as compared to 1st quarter 2014. This is the net result of the changes in income and expenses as described above. This equates to an annualized rate of 4.17 percent of average total assets for the quarter and 4.52 percent of average net assets for the quarter. In addition, we had net realized gains on investments of approximately \$3.7 million during the quarter.



## Management's Discussion (unaudited)

(continued)

We paid a distribution of approximately \$4.1 million, or \$0.4075 per share, during the quarter, unchanged from the 1st quarter 2014.

Net Investment Income on the Statement of Operations is adjusted as follows to reconcile to DCF for 2014 YTD and 2nd quarter 2014 (in thousands):

	2014 YTD	2nd Qtr 2014
Net Investment Income	\$ 272	\$ (51)
Adjustments to reconcile to DCF:		
Net premiums on options written	3,522	1,685
Distributions characterized as return of capital	2,714	1,571
Dividends paid in stock	1,344	681
Amortization of debt issuance costs	55	27
DCF	<u>\$ 7,907</u>	<u>\$ 3,913</u>

### Liquidity and capital resources

We had total assets of \$456.9 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 the 2nd quarter 2014, total assets increased approximately \$39.8 million. This change was primarily the result of a \$40.7 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 approximately \$1.9 million.

Total leverage outstanding at May 31, 2014 was \$90.0 million, an increase of \$5.6 million as compared to February 28, 2014. Outstanding leverage is comprised of \$49 million in senior notes, \$16 million in preferred shares and \$25.0 million outstanding under the credit facility, with approximately 61 percent of leverage with fixed rates and a weighted average maturity of 2.9 years. Total leverage represented 19.7 percent of total assets at May 31, 2014, as compared to 20.2 percent as of February 28, 2014 and 21.6 percent as of May 31, 2013. 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 3.34 percent and remaining weighted average laddered maturity of approximately 3.9 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 9, 10 and 11 in the Notes to Financial Statements. Our coverage ratios are updated each week on our Web site at [www.tortoiseadvisors.com](http://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, 2013 were approximately 41 percent QDI, 25 percent ordinary dividend income, 32 percent long-term capital gain, and 2 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](http://www.tortoiseadvisors.com). We currently estimate that 80 to 100 percent of 2014 distributions will be characterized as dividend income and capital gains, with the remaining percentage, if any, characterized as return of capital. A final determination of the characterization will be made in January 2015.

**Schedule of Investments** (unaudited)

May 31, 2014

	<u>Shares</u>	<u>Fair Value</u>		<u>Shares</u>	<u>Fair Value</u>
<b>Common Stock — 84.3%<sup>(1)</sup></b>			<b>Oil and Gas Production — 17.4%<sup>(1)</sup></b>		
<b>Crude/Refined Products Pipelines — 9.4%<sup>(1)</sup></b>			<b>United States — 17.4%<sup>(1)</sup></b>		
<b>Canada — 8.2%<sup>(1)</sup></b>			Anadarko Petroleum Corporation <sup>(2)</sup>	40,699	\$ 4,186,299
Enbridge Inc.	268,300	\$ 12,741,567	Antero Resources Corporation <sup>(2)(3)</sup>	24,900	1,531,350
Inter Pipeline Ltd.	314,300	9,208,993	Cabot Oil & Gas Corporation <sup>(2)</sup>	108,000	3,913,920
Pembina Pipeline Corporation	199,200	7,864,753	Carrizo Oil & Gas, Inc. <sup>(2)(3)</sup>	20,700	1,189,422
<b>United States — 1.2%<sup>(1)</sup></b>			Chesapeake Energy Corporation <sup>(2)</sup>	63,100	1,812,232
Plains GP Holdings, L.P.	153,000	4,222,800	Cimarex Energy Co. <sup>(2)</sup>	23,000	2,969,990
		<u>34,038,113</u>	Concho Resources Inc. <sup>(2)(3)</sup>	21,400	2,820,520
<b>Local Distribution Companies — 10.0%<sup>(1)</sup></b>			Continental Resources, Inc. <sup>(2)(3)</sup>	28,300	3,972,188
<b>United States — 10.0%<sup>(1)</sup></b>			EOG Resources, Inc. <sup>(2)</sup>	57,200	6,051,760
CenterPoint Energy, Inc.	499,000	12,035,880	Hess Corporation <sup>(2)</sup>	37,800	3,451,140
NiSource Inc.	652,100	24,368,977	Marathon Oil Corporation <sup>(2)</sup>	126,300	4,630,158
		<u>36,404,857</u>	Newfield Exploration Company <sup>(2)(3)</sup>	89,900	3,279,552
<b>Marine Transportation — 2.2%<sup>(1)</sup></b>			Noble Energy, Inc. <sup>(2)</sup>	68,900	4,965,623
<b>Republic of the Marshall Islands — 2.2%<sup>(1)</sup></b>			Occidental Petroleum Corporation <sup>(2)</sup>	49,700	4,954,593
Teekay Offshore Partners L.P.	223,330	7,966,181	Pioneer Natural Resources Company <sup>(2)</sup>	29,800	6,262,768
<b>Natural Gas Gathering Pipelines — 5.3%<sup>(1)</sup></b>			Range Resources Corporation <sup>(2)</sup>	50,200	4,666,090
<b>United States — 5.3%<sup>(1)</sup></b>			Rice Energy Inc. <sup>(2)(3)</sup>	38,520	1,222,240
Targa Resources Corp.	166,600	19,152,336	Whiting Petroleum Corporation <sup>(2)(3)</sup>	22,500	1,616,625
<b>Natural Gas Pipelines — 38.1%<sup>(1)</sup></b>					<u>63,496,470</u>
<b>Canada — 2.4%<sup>(1)</sup></b>			<b>Power/Utility — 1.9%<sup>(1)</sup></b>		
TransCanada Corporation	187,700	8,756,205	<b>United States — 1.9%<sup>(1)</sup></b>		
<b>United States — 35.7%<sup>(1)</sup></b>			NRG Yield, Inc.	145,100	6,806,641
Kinder Morgan, Inc.	138,500	4,624,515	Total Common Stock		
ONEOK, Inc.	625,754	40,354,876	(Cost \$218,677,029)		
Spectra Energy Corp.	1,017,545	41,291,976	<u>306,682,370</u>		
Williams Companies, Inc.	932,500	43,790,200	<b>Master Limited Partnerships</b>		
		<u>138,817,772</u>	<b>and Related Companies — 40.6%<sup>(1)</sup></b>		
<b>Crude/Refined Products Pipelines — 17.3%<sup>(1)</sup></b>			<b>United States — 17.3%<sup>(1)</sup></b>		
<b>United States — 17.3%<sup>(1)</sup></b>			Buckeye Partners, L.P.	83,000	6,512,180
			Enbridge Energy Management, L.L.C. <sup>(4)</sup>	578,948	17,270,010
			Genesis Energy L.P.	18,700	1,065,900
			Magellan Midstream Partners, L.P.	93,000	7,614,840
			MPLX LP	102,268	5,845,639
			Phillips 66 Partners LP	59,100	3,578,505
			Plains All American Pipeline, L.P.	194,400	10,977,768
			Rose Rock Midstream, L.P.	28,714	1,247,049
			Sunoco Logistics Partners L.P.	74,400	6,844,800
			Tesoro Logistics LP	16,700	1,163,990
			Valero Energy Partners LP	23,059	1,024,511
					<u>63,145,192</u>

See accompanying Notes to Financial Statements.

**Schedule of Investments** (unaudited) (continued)

May 31, 2014

	<u>Shares</u>	<u>Fair Value</u>		<u>Shares</u>	<u>Fair Value</u>
<b>Natural Gas/Natural Gas Liquids Pipelines — 15.5%<sup>(1)</sup></b>			<b>Short-Term Investment — 0.0%<sup>(1)</sup></b>		
<b>United States — 15.5%<sup>(1)</sup></b>			<b>United States Investment Company — 0.0%<sup>(1)</sup></b>		
Crestwood Midstream Partners LP	165,333	\$ 3,604,259	Fidelity Institutional Money Market Portfolio —		
Energy Transfer Partners, L.P.	177,700	10,008,064	Class I, 0.05% <sup>(5)</sup> (Cost \$98,209)	98,209	\$ 98,209
Enterprise Products Partners L.P.	163,200	12,210,624			
Kinder Morgan Management, LLC <sup>(4)</sup>	259,745	18,719,835			
ONEOK Partners, L.P.	48,900	2,694,390			
Regency Energy Partners LP	189,149	5,258,342			
Williams Partners L.P.	75,200	3,993,872			
		<u>56,489,386</u>			
<b>Natural Gas Gathering/Processing — 7.8%<sup>(1)</sup></b>			<b>Total Investments — 124.9%<sup>(1)</sup></b>		
<b>United States — 7.8%<sup>(1)</sup></b>			<b>(Cost \$325,741,321)</b>		
Access Midstream Partners, L.P.	96,190	6,059,008			454,632,135
DCP Midstream Partners, LP	97,900	5,258,209			(49,000,000)
EnLink Midstream Partners, L.P.	55,955	1,704,949			
MarkWest Energy Partners, L.P.	87,300	5,408,235			
Targa Resources Partners LP	70,000	4,757,200			
Western Gas Equity Partners, LP	46,500	2,416,140			
Western Gas Partners LP	36,300	2,613,237			
		<u>28,216,978</u>			
Total Master Limited Partnerships and Related Companies (Cost \$106,966,083)			<b>Total Value of Options Written</b>		
		<u>147,851,556</u>	<b>(Premiums received \$550,970) — (0.2%)<sup>(1)</sup></b>		
			<b>Other Assets and Liabilities — (6.9%)<sup>(1)</sup></b>		
			<u>\$ 363,949,310</u>		
			<b>Total Net Assets Applicable to Common Stockholders — 100.0%<sup>(1)</sup></b>		

(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) Rate indicated is the current yield as of May 31, 2014.

See accompanying Notes to Financial Statements.

**Schedule of Options Written** (unaudited)

May 31, 2014

Call Options Written	Expiration Date	Strike Price	Contracts	Fair Value
Anadarko Petroleum Corporation	June 2014	\$105.00	406	\$ (42,224)
Antero Resources Corporation	June 2014	65.00	249	(14,940)
Cabot Oil & Gas Corporation	June 2014	40.00	1,080	(5,400)
Carrizo Oil & Gas, Inc.	June 2014	57.50	207	(36,225)
Chesapeake Energy Corporation	June 2014	29.00	473	(28,853)
Chesapeake Energy Corporation	June 2014	30.00	158	(5,056)
Cimarex Energy Co.	June 2014	135.00	230	(25,300)
Concho Resources Inc.	June 2014	140.00	214	(17,120)
Continental Resources, Inc.	June 2014	140.00	283	(87,730)
EOG Resources, Inc.	June 2014	110.00	572	(32,032)
Hess Corporation	June 2014	92.50	378	(27,594)
Marathon Oil Corporation	June 2014	38.00	1,263	(11,998)
Newfield Exploration Company	June 2014	36.00	899	(98,890)
Noble Energy, Inc.	June 2014	75.00	689	(24,115)
Occidental Petroleum Corporation	June 2014	100.00	497	(52,185)
Pioneer Natural Resources Company	June 2014	215.00	298	(87,910)
Range Resources Corporation	June 2014	95.00	502	(45,180)
Rice Energy Inc.	June 2014	35.00	385	(11,550)
Whiting Petroleum Corporation	June 2014	75.00	225	(14,625)
<b>Total Value of Call Options Written</b>				
(Premiums received \$550,970)				<u><u>\$(668,927)</u></u>

See accompanying Notes to Financial Statements.

**Statement of Assets & Liabilities** (unaudited)

May 31, 2014

**Assets**

Investments at fair value (cost \$325,741,321)	\$ 454,632,135
Receivable for Adviser fee waiver	110,053
Dividends receivable	1,760,296
Prepaid expenses and other assets	390,754
<b>Total assets</b>	<u>456,893,238</u>

**Liabilities**

Options written, at fair value (premiums received \$550,970)	668,927
Payable to Adviser	807,054
Payable for investments purchased	836,794
Accrued expenses and other liabilities	631,153
Short-term borrowings	25,000,000
Long-term debt obligations	49,000,000
Mandatory redeemable preferred stock (\$25.00 liquidation value per share; 640,000 shares outstanding)	16,000,000
<b>Total liabilities</b>	<u>92,943,928</u>

Net assets applicable to  
common stockholders \$ 363,949,310

**Net Assets Applicable to Common Stockholders****Consist of:**

Capital stock, \$0.001 par value; 10,016,413 shares issued and outstanding (100,000,000 shares authorized)	\$ 10,016
Additional paid-in capital	235,133,074
Undistributed net realized gain	32,637
Net unrealized appreciation	128,773,583
<b>Net assets applicable to common stockholders</b>	<u>\$ 363,949,310</u>
Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding)	<u>\$ 36.34</u>

**Statement of Operations** (unaudited)Period from December 1, 2013 through  
May 31, 2014**Investment Income**

Dividends and distributions from common stock (net of foreign taxes withheld of \$78,731)	\$ 4,087,791
Distributions from master limited partnerships	2,503,826
Less return of capital on distributions	(2,713,538)
Net dividends and distributions from investments	3,878,079
Dividends from money market mutual funds	47
<b>Total Investment Income</b>	<u>3,878,126</u>

**Operating Expenses**

Advisory fees	2,285,641
Administrator fees	83,866
Professional fees	73,913
Directors' fees	41,566
Stockholder communication expenses	32,927
Fund accounting fees	27,404
Custodian fees and expenses	13,098
Registration fees	12,174
Stock transfer agent fees	6,115
Other operating expenses	22,791
<b>Total Operating Expenses</b>	<u>2,599,495</u>

**Leverage Expenses**

Interest expense	894,538
Distributions to mandatory redeemable preferred stockholders	343,201
Amortization of debt issuance costs	55,355
Other leverage expenses	41,992
<b>Total Leverage Expenses</b>	<u>1,335,086</u>

**Total Expenses**

<b>Total Expenses</b>	3,934,581
Less fees waived by Adviser	(328,253)

**Net Expenses**

3,606,328

**Net Investment Income**

271,798

**Realized and Unrealized Gains (Losses)**

Net realized gain on investments, including foreign currency gain (loss)	8,537,793
Net realized loss on options	(144,205)
Net realized loss on foreign currency and translation of other assets and liabilities denominated in foreign currency	(3,936)
Net realized gain	8,389,652
Net unrealized appreciation of investments, including foreign currency gain (loss)	60,021,041
Net unrealized depreciation of options	(368,913)
Net unrealized appreciation of other assets and liabilities due to foreign currency translation	2,050
Net unrealized appreciation	59,654,178

**Net Realized and Unrealized Gains**

68,043,830

**Net Increase in Net Assets Applicable  
to Common Stockholders Resulting  
from Operations**\$ 68,315,628

See accompanying Notes to Financial Statements.



## Statement of Changes in Net Assets

	Period from December 1, 2013 through May 31, 2014 <u>(unaudited)</u>	Year Ended November 30, 2013 <u></u>
<b>Operations</b>		
Net investment income	\$ 271,798	\$ 999,346
Net realized gain	8,389,652	14,046,374
Net unrealized appreciation	<u>59,654,178</u>	<u>52,210,779</u>
Net increase in net assets applicable to common stockholders resulting from operations	<u>68,315,628</u>	<u>67,256,499</u>
<b>Distributions to Common Stockholders</b>		
Net investment income	(4,361,085)	(5,763,083)
Net realized gain	(3,802,291)	(10,291,818)
Return of capital	<u>—</u>	<u>(261,899)</u>
Total distributions to common stockholders	<u>(8,163,376)</u>	<u>(16,316,800)</u>
<b>Capital Stock Transactions</b>		
Issuance of 12,213 common shares from reinvestment of distributions to stockholders	<u>—</u>	<u>349,292</u>
Total increase in net assets applicable to common stockholders	60,152,252	51,288,991
<b>Net Assets</b>		
Beginning of period	<u>303,797,058</u>	<u>252,508,067</u>
End of period	<u>\$ 363,949,310</u>	<u>\$ 303,797,058</u>
Undistributed net investment income, end of period	<u>\$ —</u>	<u>\$ 4,089,287</u>

See accompanying Notes to Financial Statements.

**Statement of Cash Flows** (unaudited)

Period from December 1, 2013 through May 31, 2014

**Cash Flows From Operating Activities**

Dividends and distributions received from common stock and money market mutual funds	\$ 3,023,514
Distributions received from master limited partnerships	2,503,826
Purchases of long-term investments	(44,103,779)
Proceeds from sales of long-term investments	47,667,570
Purchases of short-term investments, net	(27,749)
Call options written, net	(244,770)
Interest expense paid	(889,606)
Other leverage expenses paid	(4,972)
Distributions to mandatory redeemable preferred stockholders	(343,200)
Operating expenses paid	(2,217,458)
Net cash provided by operating activities	<u>5,363,376</u>

**Cash Flows From Financing Activities**

Advances from revolving line of credit	24,300,000
Repayments on revolving line of credit	(21,500,000)
Distributions paid to common stockholders	(8,163,376)
Net cash used in financing activities	<u>(5,363,376)</u>
Net change in cash	—
Cash — beginning of period	—
Cash — end of period	<u>\$ —</u>

**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	\$ 68,315,628
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	(44,940,573)
Proceeds from sales of long-term investments	47,667,570
Purchases of short-term investments, net	(27,749)
Call options written, net	(244,770)
Return of capital on distributions received	2,713,538
Net unrealized appreciation	(59,654,178)
Net realized gain	(8,389,652)
Amortization of debt issuance costs	55,355
Changes in operating assets and liabilities:	
Increase in dividends receivable	(1,064,324)
Decrease in prepaid expenses and other assets	2,562
Increase in payable for investments purchased	836,794
Increase in payable to Adviser, net of fee waiver	106,479
Decrease in accrued expenses and other liabilities	(13,304)
Total adjustments	<u>(62,952,252)</u>
Net cash provided by operating activities	<u>\$ 5,363,376</u>

See accompanying Notes to Financial Statements.

## Financial Highlights

	Period from December 1, 2013 through May 31, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012	Period from October 31, 2011 <sup>(1)</sup> through November 30, 2011
<b>Per Common Share Data<sup>(2)</sup></b>	(unaudited)			
Net Asset Value, beginning of period	\$ 30.33	\$ 25.24	\$ 24.42	\$ —
Public offering price	—	—	—	25.00
Income from Investment Operations				
Net investment income (loss) <sup>(3)</sup>	0.03	0.10	0.12	(0.02)
Net realized and unrealized gains <sup>(3)</sup>	6.80	6.62	2.33	0.61
Total income from investment operations	<u>6.83</u>	<u>6.72</u>	<u>2.45</u>	<u>0.59</u>
Distributions to Common Stockholders				
Net investment income	(0.44)	(0.57)	(0.24)	—
Net realized gain	(0.38)	(1.03)	(1.07)	—
Return of capital	—	(0.03)	(0.32)	—
Total distributions to common stockholders	<u>(0.82)</u>	<u>(1.63)</u>	<u>(1.63)</u>	<u>—</u>
Underwriting discounts and offering costs on issuance of common stock <sup>(4)</sup>	—	—	—	(1.17)
Net Asset Value, end of period	<u>\$ 36.34</u>	<u>\$ 30.33</u>	<u>\$ 25.24</u>	<u>\$ 24.42</u>
Per common share market value, end of period	\$ 32.95	\$ 28.11	\$ 24.15	\$ 25.01
Total Investment Return Based on Market Value <sup>(5)(6)</sup>	20.33 %	23.44 %	3.18 %	0.04 %
<b>Supplemental Data and Ratios</b>				
Net assets applicable to common stockholders, end of period (000's)	\$ 363,949	\$ 303,797	\$ 252,508	\$ 244,264
Average net assets (000's)	\$ 329,444	\$ 289,876	\$ 253,815	\$ 237,454
Ratio of Expenses to Average Net Assets <sup>(7)</sup>				
Advisory fees	1.39 %	1.42 %	1.44 %	1.17 %
Other operating expenses	0.19	0.19	0.21	0.56
Total operating expenses, before fee waiver	<u>1.58</u>	<u>1.61</u>	<u>1.65</u>	<u>1.73</u>
Fee waiver	(0.20)	(0.26)	(0.33)	(0.27)
Total operating expenses	<u>1.38</u>	<u>1.35</u>	<u>1.32</u>	<u>1.46</u>
Leverage expenses	0.82	0.90	1.03	0.31
Total expenses	<u><u>2.20 %</u></u>	<u><u>2.25 %</u></u>	<u><u>2.35 %</u></u>	<u><u>1.77 %</u></u>

See accompanying Notes to Financial Statements.

## Financial Highlights (continued)

	Period from December 1, 2013 through May 31, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012	Period from October 31, 2011 <sup>(1)</sup> through November 30, 2011
	(unaudited)			
Ratio of net investment income (loss) to average net assets before fee waiver <sup>(7)</sup>	(0.03)%	0.08%	0.16%	(1.12)%
Ratio of net investment income (loss) to average net assets after fee waiver <sup>(7)</sup>	0.17%	0.34%	0.49%	(0.85)%
Portfolio turnover rate <sup>(5)</sup>	10.70%	31.43%	34.65%	1.68%
Short-term borrowings, end of period (000's)	\$ 25,000	\$ 22,200	\$ 16,600	—
Long-term debt obligations, end of period (000's)	\$ 49,000	\$ 49,000	\$ 49,000	\$ 24,500
Preferred stock, end of period (000's)	\$ 16,000	\$ 16,000	\$ 16,000	\$ 8,000
Per common share amount of long-term debt obligations outstanding, end of period	\$ 4.89	\$ 4.89	\$ 4.90	\$ 2.45
Per common share amount of net assets, excluding long-term debt obligations, end of period	\$ 41.23	\$ 35.22	\$ 30.14	\$ 26.87
Asset coverage, per \$1,000 of principal amount of long-term debt obligations and short-term borrowings <sup>(8)</sup>	\$ 6,134	\$ 5,492	\$ 5,093	\$ 11,296
Asset coverage ratio of long-term debt obligations and short-term borrowings <sup>(8)</sup>	613%	549%	509%	1,130%
Asset coverage, per \$25 liquidation value per share of mandatory redeemable preferred stock <sup>(9)</sup>	\$ 126	\$ 112	\$ 102	\$ 213
Asset coverage ratio of preferred stock <sup>(9)</sup>	504%	448%	409%	852%

(1) Commencement of Operations.

(2) Information presented relates to a share of common stock outstanding for the entire period.

(3) The per common share data for the years ended November 30, 2013 and 2012 and the period from October 31, 2011 through November 30, 2011 do not reflect the change in estimate of investment income and return of capital. See Note 2C to the financial statements for further disclosure.

(4) Represents the dilution per common share from underwriting and other offering costs for the period from October 31, 2011 through November 30, 2011.

(5) Not annualized for periods less than one full year.

(6) Total investment return is calculated assuming a purchase of common stock at the beginning of the period (or initial public offering price) and a sale at

the closing price on the last day of the period reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices pursuant to the Company's dividend reinvestment plan.

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

(8) Represents value of total assets less all liabilities and indebtedness not represented by long-term debt obligations, short-term borrowings and preferred stock at the end of the period divided by long-term debt obligations and short-term borrowings outstanding at the end of the period.

(9) Represents value of total assets less all liabilities and indebtedness not represented by long-term debt obligations, short-term borrowings and preferred stock at the end of the period divided by long-term debt obligations, short-term borrowings and preferred stock outstanding at the end of the period.

See accompanying Notes to Financial Statements.

## Notes to Financial Statements (unaudited)

May 31, 2014

### 1. Organization

Tortoise Pipeline & Energy Fund, Inc. (the "Company") was organized as a Maryland corporation on July 19, 2011, and is a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the "1940 Act"). The Company's primary investment objective is to provide a high level of total return, with an emphasis on current distributions. The Company seeks to provide its stockholders an efficient vehicle to invest in a portfolio consisting primarily of equity securities of pipeline and other energy infrastructure companies. The Company commenced operations on October 31, 2011. The Company's stock is listed on the New York Stock Exchange under the symbol "TTP."

### 2. Significant accounting policies

#### A. Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, recognition of distribution income and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

#### B. Investment valuation

The Company primarily owns securities that are listed on a securities exchange or over-the-counter market. The Company values those securities at their last sale price on that exchange or over-the-counter market on the valuation date. If the security is listed on more than one exchange, the Company uses the price from the exchange that it considers to be the principal exchange on which the security is traded. Securities listed on the NASDAQ will be valued at the NASDAQ Official Closing Price, which may not necessarily represent the last sale price. If there has been no sale on such exchange or over-the-counter market on such day, the security will be valued at the mean between the last bid price and last ask price on such day.

The Company may invest up to 30 percent of its total assets in unregistered or otherwise restricted securities. Restricted securities are subject to statutory or contractual restrictions on their public resale, which may make it more difficult to obtain a valuation and may limit the Company's ability to dispose of them. Investments in restricted securities and other securities for which market quotations are not readily available will be valued in good faith by using fair value procedures approved by the Board of Directors. Such fair value procedures consider factors such as discounts to publicly traded issues, time until conversion date, securities with similar yields, quality, type of issue, coupon, duration

and rating. If events occur that will affect the value of the Company's portfolio securities before the net asset value has been calculated (a "significant event"), the portfolio securities so affected will generally be priced using fair value procedures. The Company did not hold any restricted securities at May 31, 2014.

An equity security of a publicly traded company acquired in a direct placement transaction may be subject to restrictions on resale that can affect the security's liquidity and fair value. Such securities that are convertible or otherwise will become freely tradable will be valued based on the market value of the freely tradable security less an applicable discount. Generally, the discount will initially be equal to the discount at which the Company purchased the securities. To the extent that such securities are convertible or otherwise become freely tradable within a time frame that may be reasonably determined, an amortization schedule may be used to determine the discount.

Exchange-traded options are valued at the mean of the highest bid and lowest asked prices across all option exchanges.

The Company generally values debt securities at prices based on market quotations for such securities, except those securities purchased with 60 days or less to maturity are valued on the basis of amortized cost, which approximates market value.

#### C. Security transactions and investment income

Security transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses are reported on an identified cost basis. Interest income is recognized on the accrual basis, including amortization of premiums and accretion of discounts. Dividend income and distributions are recorded on the ex-dividend date. Distributions received from investments generally are comprised of ordinary income and return of capital. The Company allocates distributions between investment income and return of capital based on estimates made at the time such distributions are received. Such estimates are based on information provided by each portfolio company and other industry sources. These estimates may subsequently be revised based on actual allocations received from the portfolio companies after their tax reporting periods are concluded, as the actual character of these distributions is not known until after the fiscal year end of the Company.

For the period from December 1, 2012 through November 30, 2013, the Company estimated the allocation of investment income and return of capital for distributions received from investments within the Statement of Operations. For this



## Notes to Financial Statements (unaudited) (continued)

period, the Company had estimated approximately 7 percent of total distributions as investment income and 93 percent as return of capital.

Subsequent to November 30, 2013, the Company reallocated the amount of investment income and return of capital it recognized for the period from December 1, 2012 through November 30, 2013 based on the 2013 tax reporting information received from the individual MLPs. This reclassification amounted to a decrease in net investment income of approximately \$356,000 or \$0.036 per share, an increase in unrealized appreciation of investments of approximately \$290,000 or \$0.029 per share, and an increase in realized gains of approximately \$66,000 or \$0.007 per share for the period from December 1, 2013 through May 31, 2014.

Subsequent to the period ended February 28, 2014, the Company reallocated the amount of investment income and return of capital it recognized in the current fiscal year based on its revised 2014 estimates, after considering the final allocations for 2013. This reclassification amounted to a decrease in net investment income of approximately \$13,000 or \$0.001 per share, an increase in unrealized appreciation of investments of approximately \$1,000 or less than \$0.001 per share, and an increase in realized gains of approximately \$12,000 or \$0.001 per share.

In addition, the Company may be subject to withholding taxes on foreign-sourced income. The Company accrues such taxes when the related income is earned.

### D. Foreign currency translation

For foreign currency, investments in foreign securities, and other assets and liabilities denominated in a foreign currency, the Company translates these amounts into U.S. dollars on the following basis: (i) market value of investment securities, assets and liabilities at the current rate of exchange on the valuation date, and (ii) purchases and sales of investment securities, income and expenses at the relevant rates of exchange on the respective dates of such transactions. The Company does not isolate that portion of gains and losses on investments that is due to changes in the foreign exchange rates from that which is due to changes in market prices of equity securities.

### E. Distributions to stockholders

Distributions to common stockholders are recorded on the ex-dividend date. The Company intends to make quarterly cash distributions of its investment company taxable income to common stockholders. In addition, on an annual basis, the Company may distribute additional capital gains in the last calendar quarter if necessary to meet minimum distribution requirements and thus avoid being subject to

excise taxes. The amount of any distributions will be determined by the Board of Directors. The character of distributions to common stockholders made during the year may differ from their ultimate characterization for federal income tax purposes. Distributions paid to stockholders in excess of investment company taxable income and net realized gains will be treated as return of capital to stockholders.

For the year ended November 30, 2013, the Company's distributions to common stockholders for tax purposes were comprised of 66 percent dividend income, 32 percent long-term capital gain, and 2 percent return of capital. The tax character of distributions paid to common stockholders for the current year will be determined subsequent to November 30, 2014.

Distributions to mandatory redeemable preferred ("MRP") stockholders are accrued daily and paid quarterly based on a fixed annual rate. The Company may not declare or pay distributions to its preferred stockholders if it does not meet a 200 percent asset coverage ratio for its debt or the rating agency basic maintenance amount for the debt following such distribution. The character of distributions to MRP stockholders made during the year may differ from their ultimate characterization for federal income tax purposes. Distributions paid to stockholders in excess of investment company taxable income and net realized gains will be treated as return of capital to stockholders.

### F. Federal income taxation

The Company qualifies as a regulated investment company ("RIC") under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). As a result, the Company generally will not be subject to U.S. federal income tax on income and gains that it distributes each taxable year to stockholders if it meets certain minimum distribution requirements. The Company is required to distribute substantially all of its income, in addition to other asset diversification requirements. The Company is subject to a 4 percent non-deductible U.S. federal excise tax on certain undistributed income unless the Company makes sufficient distributions to satisfy the excise tax avoidance requirement. The Company invests in MLPs, which generally are treated as partnerships for federal income tax purposes. As a limited partner in the MLPs, the Company reports its allocable share of the MLP's taxable income in computing its own taxable income.

The Company recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. The

## Notes to Financial Statements (unaudited) (continued)

Company's policy is to record interest and penalties on uncertain tax positions as part of tax expense. The Company has reviewed all open tax years and major jurisdictions and concluded that there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on a tax return. All tax years since inception remain open to examination by federal and state tax authorities.

### G. Offering and debt issuance costs

Offering costs related to the issuance of common stock are charged to additional paid-in capital when the stock is issued. Debt issuance costs related to long-term debt obligations and MRP Stock are capitalized and amortized over the period the debt and MRP Stock is outstanding.

### H. Derivative financial instruments

The Company seeks to provide current income from gains earned through an option strategy which will normally consist of writing (selling) call options on selected equity securities in the portfolio ("covered calls"). The premium received on a written call option will initially be recorded as a liability and subsequently adjusted to the then current fair value of the option written. Premiums received from writing call options that expire unexercised will be recorded as a realized gain on the expiration date. Premiums received from writing call options that are exercised will be added to the proceeds from the sale of the underlying security to calculate the realized gain (loss). If a written call option is repurchased prior to its exercise, the realized gain (loss) will be the difference between the premium received and the amount paid to repurchase the option.

### I. Indemnifications

Under the Company's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business, the Company may enter into contracts that provide general indemnification to other parties. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred, and may not occur. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

### 3. Concentration risk

Under normal circumstances, the Company will have at least 80 percent of its total assets (including any assets obtained through leverage) in equity securities of pipeline

and other energy infrastructure companies. Energy infrastructure companies own and operate a network of asset systems that transport, store, distribute, gather and/or process, explore, develop, manage or produce crude oil, refined petroleum products (including biodiesel and ethanol), natural gas or natural gas liquids ("NGLs") or that provide electric power generation (including renewable energy), transmission and/or distribution. The Company may invest up to 30 percent of its total assets in restricted securities, primarily through direct investments in securities of listed companies. The Company may also invest up to 25 percent of its total assets in securities of MLPs. The Company will not invest in privately-held companies.

### 4. Agreements

The Company has entered into an Investment Advisory Agreement with the Adviser. Under the terms of the Agreement, the Company pays the Adviser a fee equal to an annual rate of 1.10 percent of the Company's average monthly total assets (including any assets attributable to leverage) minus accrued liabilities (other than debt entered into for purposes of leverage and the aggregate liquidation preference of outstanding preferred stock) ("Managed Assets"), in exchange for the investment advisory services provided. The Adviser waived fees in an amount equal to an annual rate of 0.20 percent of average monthly Managed Assets for the period from January 1, 2013 through December 31, 2013 and has contractually agreed to waive fees in an amount equal to 0.15 percent of average monthly Managed Assets for the period from January 1, 2014 through December 31, 2014. The waived fees are not subject to recapture by the Adviser.

U.S. Bancorp Fund Services, LLC serves as the Company's administrator. The Company pays the administrator a monthly fee computed at an annual rate of 0.04 percent of the first \$1,000,000,000 of the Company's Managed Assets, 0.01 percent on the next \$500,000,000 of Managed Assets and 0.005 percent on the balance of the Company's Managed Assets.

Computershare Trust Company, N.A. serves as the Company's transfer agent and registrar and Computershare Inc. serves as the Company's dividend paying agent and agent for the automatic dividend reinvestment plan.

U.S. Bank, N.A. serves as the Company's custodian. The Company pays the custodian a monthly fee computed at an annual rate of 0.004 percent of the average daily market value of the Company's domestic assets and 0.015 percent of the average daily market value of the Company's Canadian Dollar-denominated assets, plus portfolio transaction fees.

## Notes to Financial Statements (unaudited) (continued)

### 5. Income taxes

It is the Company's intention to continue to qualify as a regulated investment company under Subchapter M of the Code and distribute all of its taxable income. Accordingly, no provision for federal income taxes is required in the financial statements.

The amount and character of income and capital gain distributions to be paid, if any, are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles. These differences are primarily due to differences in the timing of recognition of gains or losses on investments. Permanent book and tax basis differences, if any, may result in reclassifications to undistributed net investment income (loss), undistributed net realized gain (loss) and additional paid-in capital.

As of November 30, 2013, the components of accumulated earnings on a tax basis were as follows:

Unrealized appreciation	\$73,235,114
Other temporary differences*	<u>(4,581,146)</u>
Accumulated earnings	<u>\$68,653,968</u>

\*Other temporary differences primarily relate to losses deferred under straddle regulations per IRC Code Sec. 1092.

As of May 31, 2014, the aggregate cost of securities for federal income tax purposes was \$311,565,239. The aggregate gross unrealized appreciation for all securities in which there was an excess of fair value over tax cost was \$143,230,847, the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over fair value was \$163,951 and the net unrealized appreciation was \$143,066,896.

### 6. Fair value of financial instruments

Various inputs are used in determining the fair value of the Company's financial instruments. These inputs are summarized in the three broad levels listed below:

- Level 1 — quoted prices in active markets for identical investments
- Level 2 — other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)
- Level 3 — significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table provides the fair value measurements of applicable Company assets and liabilities by level within the fair value hierarchy as of May 31, 2014. These assets and liabilities are measured on a recurring basis.

Description	Fair Value at May 31, 2014	Level 1	Level 2	Level 3
<b>Assets</b>				
Equity Securities:				
Common Stock <sup>(a)</sup>	\$ 306,682,370	\$ 306,682,370	\$ —	\$ —
Master Limited Partnerships and Related Companies <sup>(a)</sup>	<u>147,851,556</u>	<u>147,851,556</u>	<u>—</u>	<u>—</u>
Total Equity Securities	<u>454,533,926</u>	<u>454,533,926</u>	<u>—</u>	<u>—</u>
Other Securities:				
Short-Term Investment <sup>(b)</sup>	<u>98,209</u>	<u>98,209</u>	<u>—</u>	<u>—</u>
Total Assets	<u>\$ 454,632,135</u>	<u>\$ 454,632,135</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Liabilities</b>				
Written Call Options	<u>\$ 668,927</u>	<u>\$ 668,927</u>	<u>\$ —</u>	<u>\$ —</u>

(a) All other industry classifications are identified in the Schedule of Investments.

(b) Short-term investment is a sweep investment for cash balances in the Company at May 31, 2014.

The Company did not hold any Level 3 securities during the period ended May 31, 2014. The Company utilizes the beginning of reporting period method for determining transfers between levels. There were no transfers between levels during the period ended May 31, 2014.

### Valuation techniques

In general, and where applicable, the Company uses readily available market quotations based upon the last updated sales price from the principal market to determine fair value. This pricing methodology applies to the Company's Level 1 investments and liabilities.

An equity security of a publicly traded company acquired in a private placement transaction without registration under the Securities Act of 1933, as amended (the "1933 Act"), is subject to restrictions on resale that can affect the security's fair value. If such a security is convertible into publicly-traded common shares, the security generally will be valued at the common share market price adjusted by a percentage discount due to the restrictions and categorized as Level 2 in the fair value hierarchy. If the security has characteristics that are dissimilar to the class of security that trades on the open market, the security will generally be valued and categorized as Level 3 in the fair value hierarchy.

### 7. Derivative financial instruments

The Company has adopted the disclosure provisions of FASB Accounting Standard Codification 815, Derivatives and Hedging ("ASC 815"). ASC 815 requires enhanced disclosures about the Company's use of and accounting for derivative instruments and the effect of derivative

## Notes to Financial Statements (unaudited) (continued)

instruments on the Company's results of operations and financial position. Tabular disclosure regarding derivative fair value and gain/loss by contract type (e.g., interest rate contracts, foreign exchange contracts, credit contracts, etc.) is required and derivatives accounted for as hedging instruments under ASC 815 must be disclosed separately from those that do not qualify for hedge accounting. Even though the Company may use derivatives in an attempt to achieve an economic hedge, the Company's derivatives are not accounted for as hedging instruments under ASC 815 because investment companies account for their derivatives at fair value and record any changes in fair value in current period earnings.

Transactions in written option contracts for the period from December 1, 2013 through May 31, 2014, are as follows:

	Number of Contracts	Premium
Options outstanding at November 30, 2013	8,720	\$ 651,535
Options written	51,675	3,683,739
Options closed	(48,299)	(3,548,736)
Options exercised	(1,305)	(92,523)
Options expired	(1,783)	(143,045)
Options outstanding at May 31, 2014	9,008	\$ 550,970

The following table presents the types and fair value of derivatives by location as presented on the Statement of Assets and Liabilities at May 31, 2014:

Derivatives not accounted for as hedging instruments under ASC 815	Liabilities	
	Location	Fair Value
Written equity call options	Options written, at fair value	\$ 668,927

The following table presents the effect of derivatives on the Statement of Operations for the period ended May 31, 2014:

Derivatives not accounted for as hedging instruments under ASC 815	Location of Losses on Derivatives	
	Net Realized Loss on Options	Net Unrealized Depreciation of Options
Written equity call options	\$(144,205)	\$(368,913)

### 8. Investment transactions

For the period from December 1, 2013 through May 31, 2014, the Company purchased (at cost) and sold securities (proceeds received) in the amount of \$44,940,573 and \$47,667,570 (excluding short-term debt securities), respectively.

### 9. Long-term debt obligations

The Company has \$49,000,000 aggregate principal amount of private senior notes (collectively, the "Notes") outstanding. The Notes are unsecured obligations of the

Company and, upon liquidation, dissolution or winding up of the Company, will rank: (1) senior to all of the Company's outstanding preferred shares; (2) senior to all of the Company's outstanding common shares; (3) on parity with any unsecured creditors of the Company and any unsecured senior securities representing indebtedness of the Company and (4) junior to any secured creditors of the Company. Holders of the Notes are entitled to receive periodic cash interest payments each quarter until maturity. The Notes are not listed on any exchange or automated quotation system.

The Notes are redeemable in certain circumstances at the option of the Company. The Notes are also subject to a mandatory redemption if the Company fails to meet asset coverage ratios required under the 1940 Act or the rating agency guidelines if such failure is not waived or cured. At May 31, 2014, the Company was in compliance with asset coverage covenants and basic maintenance covenants for its senior notes.

The estimated fair value of each series of fixed-rate Notes was calculated, for disclosure purposes, by discounting future cash flows by a rate equal to the current U.S. Treasury rate with an equivalent maturity date, plus either 1) the spread between the interest rate on recently issued debt and the U.S. Treasury rate with a similar maturity date or 2) if there has not been a recent debt issuance, the spread between the AAA corporate finance debt rate and the U.S. Treasury rate with an equivalent maturity date plus the spread between the fixed rates of the Notes and the AAA corporate finance debt rate. The estimated fair value of the Series A Notes approximates the carrying amount because the interest rate fluctuates with changes in interest rates available in the current market. The estimated fair values in the table below are Level 2 valuations within the fair value hierarchy. The following table shows the maturity date, interest rate, payment frequency, notional/carrying amount and estimated fair value for each series of Notes outstanding at May 31, 2014.

Series	Maturity Date	Interest Rate	Payment Frequency	Notional/Carrying Amount	Estimated Fair Value
Series A	December 15, 2016	1.98% <sup>(1)</sup>	Quarterly	\$ 10,000,000	\$ 10,000,000
Series B	December 15, 2014	2.50%	Quarterly	17,000,000	17,179,997
Series C	December 15, 2018	3.49%	Quarterly	6,000,000	6,212,588
Series D	December 15, 2021	4.08%	Quarterly	16,000,000	16,701,852
				\$ 49,000,000	\$ 50,094,437

(1) Floating rate resets each quarter based on 3-month LIBOR plus 1.75 percent. The current rate is effective for the period from March 15, 2014 through June 15, 2014. The weighted-average interest rate for the period from December 1, 2013 through May 31, 2014 was 1.99 percent.

## Notes to Financial Statements (unaudited) (continued)

### 10. Preferred stock

The Company has 10,000,000 shares of preferred stock authorized. Of that amount, the Company has 640,000 shares of Series A Mandatory Redeemable Preferred ("MRP") Stock authorized and 640,000 shares are outstanding at May 31, 2014. The MRP Stock has a liquidation value of \$25.00 per share plus any accumulated but unpaid distributions, whether or not declared. Holders of the MRP Stock are entitled to receive cash interest payments each quarter at a fixed rate until maturity. The MRP Stock is not listed on any exchange or automated quotation system.

The MRP Stock has rights determined by the Board of Directors. Except as otherwise indicated in the Company's Charter or Bylaws, or as otherwise required by law, the holders of MRP Stock have voting rights equal to the holders of common stock (one vote per MRP share) and will vote together with the holders of shares of common stock as a single class except on matters affecting only the holders of preferred stock or the holders of common stock. The 1940 Act requires that the holders of any preferred stock (including MRP Stock), voting separately as a single class, have the right to elect at least two directors at all times.

The estimated fair value of MRP Stock was calculated, for disclosure purposes, by discounting future cash flows by a rate equal to the current U.S. Treasury rate with an equivalent maturity date, plus either 1) the spread between the interest rate on recently issued preferred stock and the U.S. Treasury rate with a similar maturity date or 2) if there has not been a recent preferred stock issuance, the spread between the AA corporate finance debt rate and the U.S. Treasury rate with an equivalent maturity date plus the spread between the fixed rates of the MRP Stock and the AA corporate finance debt rate. The estimated fair value in the table below is a Level 2 valuation within the fair value hierarchy. The following table shows the mandatory redemption date, fixed rate, number of shares outstanding, aggregate liquidation preference and estimated fair value as of May 31, 2014.

Series	Mandatory Redemption Date	Fixed Rate	Shares Outstanding	Aggregate Liquidation Preference	Estimated Fair Value
Series A	December 15, 2018	4.29%	640,000	\$ 16,000,000	\$ 16,592,287

The MRP Stock is redeemable in certain circumstances at the option of the Company. Under the Investment Company Act of 1940, the Company may not declare dividends or make other distributions on shares of common stock or purchases of such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding MRP Stock would be less than 200 percent. The MRP Stock is also subject to a mandatory redemption

if the Company fails to meet an asset coverage ratio of at least 225 percent as determined in accordance with the 1940 Act or a rating agency basic maintenance amount if such failure is not waived or cured. At May 31, 2014, the Company was in compliance with asset coverage covenants and basic maintenance covenants for its MRP Stock.

### 11. Credit facility

As of May 31, 2014, the Company has a \$30,000,000 unsecured credit facility that matures on June 16, 2014. The Bank of Nova Scotia serves as a lender and the lending syndicate agent on behalf of other lenders participating in the facility. Outstanding balances generally accrue interest at a variable annual rate equal to one-month LIBOR plus 1.125 percent and unused portions of the credit facility accrue a non-usage fee equal to an annual rate of 0.15 percent.

The average principal balance and interest rate for the period during which the credit facility was utilized during the period ended May 31, 2014 was approximately \$22,300,000 and 1.28 percent, respectively. At May 31, 2014, the principal balance outstanding was \$25,000,000 at an interest rate of 1.28 percent.

Under the terms of the credit facility, the Company must maintain asset coverage required under the 1940 Act. If the Company fails to maintain the required coverage, it may be required to repay a portion of an outstanding balance until the coverage requirement has been met. At May 31, 2014, the Company was in compliance with the terms of the credit facility.

### 12. Common stock

The Company has 100,000,000 shares of capital stock authorized and 10,016,413 shares outstanding at May 31, 2014 and November 30, 2013.

### 13. Subsequent events

On June 16, 2014, the Company entered into an amendment to its credit facility that extends the credit facility through June 15, 2015. The terms of the amendment provide for an unsecured revolving credit facility of \$30,000,000. During the extension, outstanding balances generally will accrue interest at a variable annual rate equal to one-month LIBOR plus 1.125 percent and unused portions of the credit facility will accrue a non-usage fee equal to an annual rate of 0.15 percent.

The Company has performed an evaluation of subsequent events through the date the financial statements were issued and has determined that no additional items require recognition or disclosure.



## Additional Information (unaudited)

### Stockholder proxy voting results

The annual meeting of stockholders was held on May 28, 2014. The matters considered at the meeting, together with the actual vote tabulations relating to such matters are as follows:

1. To elect two directors of the Company, to hold office for a term of three years and until their successors are duly elected and qualified.

	<u>No. of Shares</u>
Conrad S. Ciccotello	
Affirmative	8,760,157
Withheld	218,720
TOTAL	<u>8,978,877</u>

	<u>No. of Shares</u>
Terry C. Matlack	
Affirmative	8,755,902
Withheld	222,975
TOTAL	<u>8,978,877</u>

Each of Charles E. Heath and Rand C. Berney continued as a director with a term expiring on the date of the 2015 annual meeting of stockholders. H. Kevin Birzer continued as a director with a term expiring on the date of the 2016 annual meeting of stockholders.

2. To approve a proposal to authorize flexibility to the Company to sell its common shares for less than net asset value, subject to certain conditions.

Vote of Common Stockholders of Record (4 Stockholders of Record as of Record Date)	<u>No. of Recordholders Voting</u>
Affirmative	4
Against	0
Abstain	0
TOTAL	<u>4</u>

Vote of Stockholders	<u>No. of Shares</u>
Affirmative	3,099,495
Against	459,984
Abstain	92,844
Broker Non-votes	4,802,123
TOTAL	<u>8,454,446</u>

3. To ratify the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for its fiscal year ending November 30, 2014.

	<u>No. of Shares</u>
Affirmative	9,173,434
Against	40,372
Abstain	59,231
TOTAL	<u>9,273,037</u>

Based upon votes required for approval, each of these matters passed.

## Additional Information (unaudited) (continued)

### Director and officer compensation

The Company does not compensate any of its directors who are “interested persons,” as defined in Section 2(a)(19) of the 1940 Act, nor any of its officers. For the period ended May 31, 2014, the aggregate compensation paid by the Company to the independent directors was \$43,500. The Company did not pay any special compensation to any of its directors or officers.

### Forward-looking statements

This report contains “forward-looking statements” within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. 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 the Company’s actual results are the performance of the portfolio of investments held by it, the conditions in the U.S. and international financial, petroleum and other markets, the price at which shares of the Company will trade in the public markets and other factors discussed in filings with the SEC.

### Proxy voting policies

A description of the policies and procedures that the Company uses to determine how to vote proxies relating to portfolio securities owned by the Company and information regarding how the Company voted proxies relating to the portfolio of securities during the 12-month period ended June 30, 2013 are available to stockholders (i) without charge, upon request by calling the Company at (913) 981-1020 or toll-free at (866) 362-9331 and on the Company’s Web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com); and (ii) on the SEC’s Web site at [www.sec.gov](http://www.sec.gov).

### Form N-Q

The Company files its complete schedule of portfolio holdings for the first and third quarters of each fiscal year with the SEC on Form N-Q. The Company’s Form N-Q is available without charge upon request by calling the Company at (866) 362-9331 or by visiting the SEC’s Web site at [www.sec.gov](http://www.sec.gov). In addition, you may review and copy the Company’s Form N-Q at the SEC’s Public Reference Room in Washington D.C. You may obtain information on the operation of the Public Reference Room by calling (800) SEC-0330.

The Company’s Form N-Qs are also available on the Company’s Web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com).

### Statement of additional information

The Statement of Additional Information (“SAI”) includes additional information about the Company’s directors and is available upon request without charge by calling the Company at (866) 362-9331 or by visiting the SEC’s Web site at [www.sec.gov](http://www.sec.gov).

### Certifications

The Company’s Chief Executive Officer submitted to the New York Stock Exchange the annual CEO certification in 2012 as required by Section 303A.12(a) of the NYSE Listed Company Manual.

The Company has filed with the SEC, as an exhibit to its most recently filed Form N-CSR, the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

### Privacy policy

In order to conduct its business, the Company collects and maintains certain nonpublic personal information about its stockholders of record with respect to their transactions in shares of the Company’s securities. This information includes the stockholder’s address, tax identification or Social Security number, share balances, and distribution elections. We do not collect or maintain personal information about stockholders whose share balances of our securities are held in “street name” by a financial institution such as a bank or broker.

We do not disclose any nonpublic personal information about you, the Company’s other stockholders or the Company’s former stockholders to third parties unless necessary to process a transaction, service an account, or as otherwise permitted by law.

To protect your personal information internally, we restrict access to nonpublic personal information about the Company’s stockholders to those employees who need to know that information to provide services to our stockholders. We also maintain certain other safeguards to protect your nonpublic personal information.

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### Office of the Company and of the Investment Adviser

Tortoise Capital Advisors, L.L.C.  
11550 Ash Street, Suite 300  
Leawood, Kan. 66211  
(913) 981-1020  
(913) 981-1021 (fax)  
www.tortoiseadvisors.com

### Board of Directors of Tortoise Pipeline & Energy Fund, Inc.

H. Kevin Birzer, Chairman  
Tortoise Capital Advisors, L.L.C.

Terry Matlack  
Tortoise Capital Advisors, L.L.C.

Rand C. Berney  
Independent

Conrad S. Ciccotello  
Independent

Charles E. Heath  
Independent

### Administrator

U.S. Bancorp Fund Services, LLC  
615 East Michigan St.  
Milwaukee, Wis. 53202

### Custodian

U.S. Bank, N.A.  
1555 North Rivercenter Drive, Suite 302  
Milwaukee, Wis. 53212

### Transfer, Dividend Disbursing and Reinvestment Agent

Computershare Trust Company, N.A. /  
Computershare Inc.  
P.O. Box 30170  
College Station, Tex. 77842-3170  
(800) 426-5523  
www.computershare.com

### Legal Counsel

Husch Blackwell LLP  
4801 Main St.  
Kansas City, Mo. 64112

### Investor Relations

(866) 362-9331  
info@tortoiseadvisors.com

### Stock Symbol

Listed NYSE Symbol: TTP

This report is for stockholder information. This is not a prospectus intended for use in the purchase or sale of fund shares. **Past performance is no guarantee of future results and your investment may be worth more or less at the time you sell.**

## Tortoise Capital Advisors' Closed-end Funds

Pureplay MLP Funds				Broader Funds			
Name	Ticker	Focus	Total Assets <sup>(1)</sup> (\$ in millions)	Name	Ticker	Focus	Total Assets <sup>(1)</sup> (\$ in millions)
Tortoise Energy Infrastructure Corp.	<b>TYG</b> <b>LISTED</b> <b>NYSE</b>	Midstream Equity	\$4,513	Tortoise Pipeline & Energy Fund, Inc.	<b>TTP</b> <b>LISTED</b> <b>NYSE</b>	Pipeline Equity	\$492
Tortoise MLP Fund, Inc.	<b>NTG</b> <b>LISTED</b> <b>NYSE</b>	Natural Gas Infrastructure Equity	\$2,396	Tortoise Energy Independence Fund, Inc.	<b>NDP</b> <b>LISTED</b> <b>NYSE</b>	North American Upstream Equity	\$528
				Tortoise Power and Energy Infrastructure Fund, Inc.	<b>TPZ</b> <b>LISTED</b> <b>NYSE</b>	Power & Energy Infrastructure Debt & Dividend Paying Equity	\$260

(1) As of 6/30/14



Investment Adviser to  
Tortoise Pipeline & Energy Fund, Inc.

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