CENTER COAST MLP & INFRASTRUCTURE FUND
Form N-2/A
August 27, 2013

As filed with the Securities and Exchange Commission on August 27, 2013

Securities Act File No. 333-188550

Investment Company Act File No. 811-22843

United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM N-2

x Registration Statement under the Securities Act of 1933

xPre-Effective Amendment No. 2

o Post-Effective Amendment No.

and/or

x Registration Statement under the Investment Company Act of 1940

x Amendment No. 2

CENTER COAST MLP & INFRASTRUCTURE FUND

(Exact Name of Registrant as Specified in Charter)

1100 Louisiana Street

Suite 5025

Houston, Texas 77002

(Address of Principal Executive Offices)

Registrant s Telephone Number, Including Area Code: **(713) 759-1400**

William H. Bauch

Center Coast Capital Advisors, LP

1100 Louisiana Street

Suite 5025

Houston, Texas 77002

(Name and Address of Agent for Service)

Copies to:

Michael K. Hoffman, Esq. **Skadden, Arps, Slate, Meagher & Flom LLP** **Four Times Square** **New York, New York 10036**	**Sarah E. Cogan, Esq.** **Simpson Thacher & Bartlett LLP** **425 Lexington Avenue** **New York, NY 10017**

Approximate date of proposed public offering: **As soon as practicable after the effective date of this Registration Statement.**

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

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

o When declared effective pursuant to section 8(c).

If appropriate, check the following box:

o This [post-effective] amendment designates a new effective date for a previously filed [post-effective amendment] [registration statement].

o This form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act and the Securities Act registration statement number of the earlier effective registration statement for the same offering is .

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Shares, $0.01 par value	50,000 Shares	$20.00	$1,000,000	$136.40(2)

(1) Estimated solely for the purpose of calculating the registration fee.

(2) $136.40 has been previously paid.

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

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

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS DATED AUGUST 27, 2013

Shares

Center Coast MLP & Infrastructure Fund

$20.00 per Share

Investment Objective. Center Coast MLP & Infrastructure Fund (the "Fund") is a newly-organized, non-diversified, closed-end management investment company. The Fund's investment objective is to provide a high level of total return with an emphasis on distributions to shareholders. The "total return" sought by the Fund includes appreciation in the net asset value of the Fund's common shares and all distributions made by the Fund to its common shareholders, regardless of the tax characterization of such distributions, including distributions characterized as return of capital. There can be no assurance that the Fund will achieve its investment objective.

Principal Investment Policies. The Fund seeks to achieve its investment objective by investing primarily in a portfolio of master limited partnerships ("MLPs") and energy infrastructure companies. Under normal market conditions, the Fund will invest at least 80% of its Managed Assets (as defined in this prospectus) in securities of MLPs and energy infrastructure companies. The Fund may invest up to 20% of its Managed Assets in unregistered or restricted securities, including securities issued by private companies.

Advisor. Center Coast Capital Advisors, LP ("Center Coast" or the "Advisor") serves as the Fund's investment advisor and is responsible for the management of the Fund. Center Coast is a registered investment advisor headquartered in Houston, Texas focused on energy infrastructure investments. Center Coast combines the expertise of midstream and energy infrastructure operators and financial and investment professionals.

(continued on following page)

No Prior History. **Because the Fund is newly organized, its common shares have no history of public trading. Shares of closed-end investment companies frequently trade at a discount from their net asset value. This risk may be greater for investors who expect to sell their shares in a relatively short period after completion of the public offering.**

The Fund's common shares are expected to be listed on the New York Stock Exchange under the symbol "CEN," subject to notice of issuance.

Investing in the Fund's common shares involves certain risks. See "Risks" on page 64 of this prospectus.

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

The underwriters expect to deliver the common shares to purchasers on or about , 2013.

	Per Share	Total(1)
Public offering price	$ 20.00	$
Sales load(2)	$ 0.90	$
Estimated offering expenses(3)	$ 0.04	$
Proceeds, after expenses, to the Fund	$ 19.06	$

(notes on following page)

Wells Fargo Securities

RBC Capital Markets

Deutsche Bank Securities

Janney Montgomery Scott

Oppenheimer & Co.

Baird

Henley & Company LLC

J.J.B. Hilliard, W.L. Lyons, LLC

Ladenburg Thalmann & Co. Inc.

Maxim Group LLC

Newbridge Securities Corporation

Pershing LLC

Southwest Securities

Wedbush Securities Inc.

Wunderlich Securities

The date of this prospectus is , 2013.

(notes from previous page)

(1) The Fund has granted the underwriters an option to purchase up to additional common shares at the public offering price less the sales load within 45 days of the date of this prospectus, solely to cover overallotments, if any. If such option is exercised in full, the total public offering price, sales load, estimated offering expenses and proceeds, after expenses, to the Fund will be $, $, $ and $, respectively. See "Underwriting."

(2) The Advisor (and not the Fund) has agreed to pay from its own assets a structuring fee to Wells Fargo Securities, LLC, RBC Capital Markets, LLC and Oppenheimer & Co. Inc. The Advisor (and not the Fund) may also pay certain qualifying underwriters a structuring fee, additional compensation or a sales incentive fee in connection with the offering. The Advisor has retained HRC Fund Associates, LLC to provide the Advisor with certain marketing support services in connection with the offering. See "Underwriting."

(3) The Advisor has agreed to pay (i) all of the Fund's organizational costs and (ii) offering costs of the Fund (other than sales load) that exceed $0.04 per common share.

(continued from previous page)

The Advisor intends to construct the Fund's portfolio utilizing a three-pronged approach. The Advisor targets a "core" portfolio of MLPs and energy infrastructure companies that have (i) traditional fee-based businesses, (ii) high barriers to entry, (iii) low direct commodity price exposure and (iv) low demand elasticity or the potential for demand destruction. Examples include interstate pipelines, intrastate pipelines with long-term contracts and diversified revenue streams, and crude and gas storage and terminal facilities. In addition to this "core" portfolio, the Fund may invest a portion of its portfolio in shorter-term investments. These opportunistic transactions may be based on the Advisor's view of factors including, but not limited to, market dislocations, projected trading demand imbalances, short-term market catalysts, commodity price volatility and interest rates and credit spreads along with other issuer-specific developments. Finally, the Fund intends to allocate up to 20% of its portfolio to private investment opportunities. At any given time the Fund anticipates making investments in a limited number of carefully selected private investments that the Fund may need to hold for several years. The Advisor believes it is uniquely positioned to analyze private investment opportunities sourced directly or co-investment opportunities made available to the Advisor by private equity firms or other sources. The breadth of Advisor personnel's mergers and acquisitions background provides for a network of deep relationships with investment banking groups, management teams, private equity firms and significant shareholders seeking liquidity.

Entities commonly referred to as master limited partnerships or MLPs are generally organized under state law as limited partnerships or limited liability companies and treated as partnerships for U.S. federal income tax purposes. The Fund considers investments in MLPs to include investments that offer economic exposure to public and private MLPs in the form of equity securities of MLPs, securities of entities holding primarily general or limited partner or managing member interests in MLPs, securities that represent indirect investments in MLPs, including I-Shares (which represent an ownership interest issued by an affiliated party of a MLP) and debt securities of MLPs.

The Fund considers a company to be an "infrastructure company" if (i) at least 50% of its assets, income, sales or profits are committed to or derived from the development, construction, distribution, management, ownership, operation or financing of infrastructure assets; or (ii) a third party classification has given the company an industry or sector classification consistent with the infrastructure company designation. Infrastructure assets consist of those assets which provide the underlying foundation of basic services, facilities and institutions, including the production, processing, storage, transportation, manufacturing, servicing and distribution of oil and gas, petrochemicals and other energy resources, physical structures, networks, systems of transportation and water and sewage. The Fund considers an infrastructure company to be an "energy infrastructure company" if it (i) owns or operates, or is involved in the development, construction, distribution, management, ownership, operation or financing of, infrastructure assets within the energy sector, or (ii) provides material products or services to companies operating in the energy sector.

Financial Leverage. The Fund currently intends to seek to enhance the level of its current distributions by utilizing financial leverage through borrowing, including loans from financial institutions, or the issuance of commercial paper or other forms of debt ("Borrowings"), through the issuance of senior securities such as preferred shares ("Preferred Shares"), through reverse repurchase agreements, dollar rolls or similar transactions or through a combination of the foregoing (collectively "Financial Leverage"). The Fund may utilize Financial Leverage up to the limits imposed by the Investment Company Act of 1940, as amended. Under current market conditions, the Fund initially intends to utilize Financial Leverage principally through Borrowings from certain financial institutions in an amount equal to 20% to 30% of the Fund's Managed Assets, including the proceeds of such Financial Leverage. The costs associated with the issuance and use of Financial Leverage will be borne by the holders of the common shares. Financial Leverage is a speculative technique and investors should note that there are special risks and costs associated with Financial Leverage. There can be no assurance that a Financial Leverage strategy will be successful during any period in which it is employed. See "Use of Financial Leverage."

Taxation. Because of the Fund's concentration in MLP investments, the Fund is not eligible to be treated as a "regulated investment company" under the Internal Revenue Code of 1986, as amended (the "Code"). Instead, the Fund will be treated as a regular corporation for U.S. federal income tax purposes and, as a result, unlike most investment companies, will be subject to corporate income tax to the extent the Fund recognizes taxable income. The Fund believes that as a result of the tax characterization of cash distributions made by MLPs, a significant portion of the Fund's income will be tax-deferred, which will allow distributions by the Fund to its shareholders to include high levels of tax-deferred income. However, there can be no assurance in this regard. If this expectation is not realized, the Fund will have a larger corporate income tax expense than expected, which will result in less cash available to distribute to shareholders.

You should read this prospectus, which contains important information about the Fund that you should know before deciding whether to invest, and retain it for future reference. A Statement of Additional Information, dated , 2013, containing additional information about the Fund, has been filed with the Securities and Exchange Commission (the "SEC") and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the Statement of Additional Information, the table of contents of which is on page 105 of this prospectus, by calling (800) 651-2345 or by writing to the Advisor at Center Coast Capital Advisors, LP, 1100 Louisiana Street, Suite 5025, Houston, Texas 77002, or you may obtain a copy (and other information regarding the Fund) from the SEC's web site (http://www.sec.gov). Free copies of the Fund's reports will also be available from the Fund's web site at www.centercoastcap.com.

The Fund's common shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

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You should rely only on the information contained or incorporated by reference in this prospectus. The Fund has not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus is accurate only as of the date of this prospectus. The Fund's business, financial condition and prospects may have changed since that date. The Fund will amend this prospectus if, during the period that this prospectus is required to be delivered, there are any subsequent material changes.

PROSPECTUS SUMMARY

This is only a summary of information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in the Fund's common shares. You should carefully read the more detailed information contained in this prospectus and the Statement of Additional Information, dated , 2013 (the "SAI"), especially the information set forth under the headings "Investment Objective and Policies" and "Risks."

The Funds Center Coast MLP & Infrastructure Fund (the "Fund") is a newly-organized, non-diversified, closed-end management investment company.

Center Coast Capital Advisors, LP ("Center Coast" or the "Advisor") serves as the Fund's investment advisor and is responsible for the management of the Fund.

The Offering The Fund is offering common shares of beneficial interest, par value $0.01 per share, through a group of underwriters led by Wells Fargo Securities, LLC and RBC Capital Markets, LLC. The Fund's common shares of beneficial interest, par value $0.01 per share, are called "Common Shares" and the holders of Common Shares are sometimes referred to as "Common Shareholders" in this prospectus. The initial public offering price is $20.00 per Common Share. You must purchase at least 100 Common Shares ($2,000) in order to participate in the offering. The Fund has granted the underwriters an option to purchase up to additional Common Shares to cover overallotments. The Advisor has agreed to pay (i) all of the Fund's organizational costs and (ii) offerings costs of the Fund (other than sales load) that exceed $0.04 per Common Share. See "Underwriting."

Investment Objective The Fund's investment objective is to provide a high level of total return with an emphasis on distributions to shareholders.

The "total return" sought by the Fund includes appreciation in the net asset value of the Fund's Common Shares and all distributions made by the Fund to its Common Shareholders, regardless of the tax characterization of such distributions, including distributions characterized as return of capital.

The Fund's investment objective is considered fundamental and may not be changed without the approval of a majority of the outstanding voting securities (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of the Fund. The Fund cannot ensure investors that it will achieve its investment objective.

Investment Rationale Investors should consider their investment goals, time horizons and risk tolerance before investing in the Fund. An investment in the Fund is not appropriate for all investors, and the Fund is not intended to be a complete investment program. The Fund is designed as a long-term investment and not as a trading vehicle.

The Fund may be an appropriate investment for investors who are seeking:

- an efficient, single investment for accessing a portfolio of master limited partnerships ("MLPs") and energy infrastructure companies;

- the opportunity for attractive tax-deferred distributions and capital appreciation;

- simplified tax reporting compared to direct investments in MLPs; and

- the professional, active management of Center Coast.

The Advisor believes that MLPs present a compelling investment opportunity. MLPs combine the tax benefits associated with limited partnerships with the liquidity of publicly traded securities. The types of MLPs in which the Fund intends to invest historically have made cash distributions to limited partners or members that exceed the amount of taxable income allocable to limited partners or members, due to a variety of factors, including significant non-cash deductions, such as depreciation and depletion. If the cash distributions exceed the taxable income reported in a particular tax year, the excess cash distributions would not be taxed as income to the Fund in that tax year but rather would be treated as a return of capital for federal income tax purposes to the extent of the Fund's basis in its MLP units.

Similarly, the Fund expects to distribute cash in excess of its earnings and profits to Common Shareholders which may be treated as a return of capital to the extent of the Common Shareholders' bases in the Common Shares. As a result, Common Shareholders may receive distributions that are generally tax-deferred and represent a return of capital although no assurance can be given in this regard. Tax deferred distributions to Common Shareholders will result in a reduction in basis in their Common Shares, which may increase the capital gain, or reduce capital loss, realized upon sale of such Common Shares. In addition, the Fund may have a larger corporate income tax expense than expected, which will result in less cash available to distribute to Common Shareholders.

The Advisor believes that energy infrastructure securities offer opportunistic investment possibilities. The Advisor intends to utilize its proprietary security selection process to identify energy infrastructure companies offering solid business fundamentals across the energy infrastructure business segment.

Furthermore, the closed-end structure allows the Fund to maintain a stable pool of assets, without the need to keep assets in low-yielding instruments like cash or cash equivalents or to liquidate assets, sometimes at inopportune times, to meet redemption requests.

Principal Investment Policies The Fund seeks to achieve its investment objective by investing primarily in a portfolio of master limited partnerships ("MLPs") and energy infrastructure companies. Under normal market conditions, the Fund will invest at least 80% of its Managed Assets (as defined in this prospectus) in securities of MLPs and energy infrastructure companies.

Entities commonly referred to as master limited partnerships or MLPs are generally organized under state law as limited partnerships or limited liability companies and treated as partnerships for U.S. federal income tax purposes. The Fund considers investments in MLPs to include investments that offer economic exposure to public and private MLPs in the form of equity securities of MLPs, securities of entities holding primarily general or limited partner or managing member interests in MLPs, securities that represent indirect investments in MLPs, including I-Shares (which represent an ownership interest issued by an affiliated party of a MLP) and debt securities of MLPs.

The Fund considers a company to be an "infrastructure company" if (i) at least 50% of its assets, income, sales or profits are committed to or derived from the development, construction, distribution, management, ownership, operation or financing of infrastructure assets; or (ii) a third party classification has given the company an industry or sector classification consistent with the infrastructure company designation. Infrastructure assets consist of those assets which provide the underlying foundation of basic services, facilities and institutions, including the production, processing, storage, transportation, manufacturing, servicing and distribution of oil and gas, petrochemicals and other energy resources, physical structures, networks, systems of transportation and water and sewage. The Fund considers an infrastructure company to be an "energy infrastructure company" if it (i) owns or operates, or is involved in the development, construction, distribution, management, ownership, operation or financing of, infrastructure assets within the energy sector, or (ii) provides material products or services to companies operating in the energy sector.

The Fund may invest up to 20% of its Managed Assets in unregistered or restricted securities, including securities issued by private companies. At any given time the Fund anticipates making investments in a limited number of carefully selected private company investments that the Fund may need to hold for several years. The Fund may invest in equity securities or debt securities, including debt securities issued with warrants to purchase equity securities or that are convertible into equity securities, of private companies. The Fund's private company investments may include investments in entities formed to own and operate particular energy infrastructure assets. The Fund may enter into private company investments identified by the Advisor or may co-invest in private company investment opportunities owned or identified by other third party investors, such as private equity firms. However, the Fund will not invest in private equity funds or other privately offered pooled investment funds.

The Fund may invest up to 10% of its Managed Assets in securities of issuers located outside of North America.

The Fund may invest up to 10% of its Managed Assets in debt securities, including debt securities rated below investment grade (that is, rated Ba or lower by Moody's Investors Service, Inc. ("Moody's"), BB or lower by Standard & Poor's Ratings Group ("S&P") or comparably rated by another statistical rating organization) or, if unrated, determined by the Advisor to be of comparable credit quality. Below investment grade securities, which are commonly referred to as "high yield" securities or "junk bonds" are considered predominantly speculative with respect to the issuer's capacity to pay interest and repay principal when due. Investments in debt securities of MLPs or energy infrastructure companies are included for purposes of the Fund's policy of investing at least 80% of its Managed Assets in securities of MLPs and energy infrastructure companies (the "80% Policy").

Investment Process The Advisor combines energy sector operational expertise with financial market expertise to identify investments in securities of MLPs and energy infrastructure companies. The Advisor seeks to draw upon its unique experience to conduct thorough due diligence from an owner-operator perspective, utilizing its extensive network of relationships to identify both public and private MLP and energy infrastructure company investment opportunities. The Advisor's due diligence process includes financial and valuation analysis centered on quantitative factors including cash flow, yield and relative valuation to establish a valuation target. Next the Advisor evaluates asset quality, considering factors such as contract structure, operating risk, competitive environment and growth potential. The Advisor also assesses management quality drawing on its previous experience with many of the management teams to evaluate their financial discipline, level of general partner support, operational expertise and strength of their business plan and their ability to execute it. Included in the diligence process is also an assessment of trading dynamics, including liquidity, identity and concentration of large holders, equity overhang and float.

The Advisor intends to construct the Fund's portfolio utilizing a three-pronged approach.

The Advisor targets a "core" portfolio in which it seeks to own the highest quality midstream MLPs. Core investments possess the most durable long term cash flows in order to seek to maximize risk-adjusted total returns to shareholders with an emphasis on cash distributions. Generally, the Fund anticipates making core investments in MLPs and energy infrastructure companies that have (i) traditional fee-based businesses, (ii) high barriers to entry, (iii) low direct commodity price exposure and

(iv) low demand elasticity or the potential for demand destruction. Examples include interstate pipelines, intrastate pipelines with long-term contracts and diversified revenue streams, and crude and gas storage and terminal facilities.

In addition to this "core" portfolio, the Fund may invest a portion of its portfolio in shorter-term investments. These opportunistic transactions may be based on the Advisor's view of factors including, but not limited to, market dislocations, projected trading demand imbalances, short-term market catalysts, commodity price volatility and interest rates and credit spreads along with other issuer-specific developments.

Finally, the Fund intends to allocate up to 20% of its portfolio to private investment opportunities. At any given time the Fund anticipates making investments in a limited number of carefully selected private investments that the Fund may need to hold for several years. The Advisor believes it is uniquely positioned to analyze private investment opportunities sourced directly or co-investment opportunities made available to the Advisor by private equity firms or other sources. The breadth of Advisor personnel's mergers and acquisitions background provides for a network of deep relationships with investment banking groups, management teams, private equity firms and significant shareholders seeking liquidity. The Fund's private investments may include investments in entities formed to own and operate particular energy infrastructure assets, but will not include interests in private investment funds. Many of the private investment opportunities are centered around assets or companies which may not have a great deal of publicly available information. The experience of the Advisor's senior professionals in owning and operating midstream and energy infrastructure assets gives it the unique ability to assess the operating environment of private investment opportunities including, but not limited to, competitive environment, contract structure and operating risk.

The Fund's Investments ***Master Limited Partnerships or MLPs.*** Entities commonly referred to as MLPs are generally organized under state law as limited partnerships or limited liability companies and treated as partnerships for U.S. federal income tax purposes. The securities issued by many MLPs are listed and traded on a securities exchange. If publicly traded, to be treated as a partnership for U.S. federal income tax purposes, the entity must receive at least 90% of its income from qualifying sources as set forth in the Internal Revenue Code of 1986, as amended (the "Code"). These qualifying sources include interest, dividends, real estate rents, gain from the sale or disposition of real property, income and gain from mineral or natural resources activities, income and gain from the transportation or storage of certain fuels, gain from the sale or disposition of a capital asset held for the production of income described in the foregoing, and, in certain circumstances, income and gain from commodities or futures, forwards and options with respect to commodities. Mineral or natural resources activities include exploration, development, production, mining, refining, marketing and transportation (including pipelines), of oil and gas, minerals, geothermal energy, fertilizer, timber or carbon dioxide.

MLPs typically have two classes of interests general partner interests and limited partner interests. The general partner typically controls the operations and management of the MLP through an equity interest in the MLP. Limited partners own the remainder of the MLP and have a limited role in the MLP's operations and management.

MLPs currently operate primarily within the energy sector. The Fund currently expects that under normal market conditions a significant portion of its investments will be in "midstream" MLPs. Midstream MLPs are engaged in the treating, gathering, compression, processing, transportation, transmission, fractionation, storage and terminalling of natural gas, natural gas liquids (including propane, ethane, butane and natural gasoline), crude oil, refined petroleum products (including gasoline, diesel fuel and jet fuel), other hydrocarbon by-products and other energy resources and their byproducts in a form that is usable by wholesale power generation, utility, petrochemical, industrial and gasoline customers, including pipelines, gas processing plants, liquefied natural gas facilities and other energy infrastructure. Pipeline MLPs are common carrier transporters of natural gas, natural gas liquids, crude oil or refined petroleum products. Pipeline MLPs derive revenue from capacity and transportation fees. Historically, pipeline output has been less exposed to cyclical economic forces due to its low cost structure and government-regulated nature. In addition, most pipeline MLPs have limited direct commodity price exposure because they do not own the product being shipped. Processing MLPs are gatherers and processors of natural gas as well as providers of transportation, fractionation and storage of natural gas liquids. Processing MLPs derive revenue from providing services to natural gas producers, which require treatment or processing before their natural gas commodity can be marketed to utilities and other end user markets. Revenue for the processor is fee based, although it is not uncommon to have some participation in the prices of the natural gas and natural gas liquids commodities for a portion of revenue. Midstream MLPs may also operate ancillary businesses including the marketing of the products and logistical services.

Other MLPs in which the Fund may invest may be classified as upstream MLPs, downstream MLPs, services MLPs, propane MLPs, coal MLPs, marine transportation MLPs or natural resources MLPs.

- Upstream MLPs are businesses engaged in the exploration, extraction, production and acquisition of natural gas, natural gas liquids and crude oil from geological reservoirs. An upstream MLP's cash flow and distributions are driven by the amount of oil, natural gas, natural gas liquids and crude oil produced and the demand for and price of such commodities.

- Downstream MLPs are businesses engaged in refining, marketing and other "end-customer" distribution activities relating to refined energy sources, such as: customer-ready natural gas, propane and gasoline; the production and manufacturing of petrochemicals including olefins, polyolefins, ethylene and similar co-products as well as intermediates and derivatives; and the generation, transmission and distribution of power and electricity.

- Services MLPs are engaged in the provision of services to energy-related businesses, such as oilfield services companies, which provide services to the petroleum exploration and production industry but do not produce or distribute petroleum themselves, gas compression companies and producers and providers of sand used in hydraulic fracturing.

- Propane MLPs are engaged in the distribution of propane to homeowners for space and water heating and to commercial, industrial and agricultural customers.

- Coal MLPs are engaged in the owning, leasing, managing, and production and sale of various grades of steam and metallurgical coal. The primary use of steam coal is for electrical generation, as a fuel for steam-powered generators by electrical utilities. The primary use of metallurgical coal is in the production of steel.

- Marine transportation MLPs provide transportation and distribution services for energy-related products through the ownership and operation of several types of vessels, such as crude oil tankers, refined product tankers, liquefied natural gas tankers, tank barges and tugboats.

- Natural resources MLPs include MLPs principally engaged in owning or developing non-energy natural resources, including timber and minerals.

Legislation has been introduced that, if signed into law, would expand the definition of "qualifying income" under the Code so that companies that derive their income from clean and renewable energy resources, such as solar energy, wind energy, hydropower and certain biofuels, could be treated as partnerships for U.S. federal income tax purposes. While the Fund and the Advisor cannot predict whether, or in what form, such legislation will be enacted, in the event that is enacted, the Fund may seek to invest in such renewable energy MLPs.

Energy Infrastructure Companies. The Fund considers a company to be an "infrastructure company" if (i) at least 50% of its assets, income, sales or profits are committed to or derived from the development, construction, distribution, management, ownership, operation or financing of infrastructure assets; or (ii) a third party classification has given the company an industry or sector classification consistent with the infrastructure company designation. Infrastructure assets consist of those assets which provide the underlying foundation of basic services, facilities and institutions, including the production, processing, storage, transportation, manufacturing, servicing and distribution of oil and gas, petrochemicals and other energy resources, physical structures, networks, systems of transportation and water and sewage. The Fund considers an infrastructure company to be an "energy infrastructure company" if it (i) owns or operates, or is involved in the development, construction, distribution, management, ownership, operation or financing of, infrastructure assets within the energy sector, or (ii) provides material products or services to companies operating in the energy sector.

Energy infrastructure companies in which the Fund will invest may include companies involved in (i) exploration, development, production, gathering, treating, transportation, processing, fractionation, storage, refining, distribution, mining or marketing of natural gas, natural gas liquids (including propane), crude oil, refined petroleum products, petrochemicals, plastics and other hydrocarbon products, coal or other natural resources used to produce energy sources, (ii) provision of services and logistics with respect to the foregoing activities, and/or (iii) generation, transmission, sale or distribution of electric energy.

Short Sales. The Fund may engage in short sales. A short sale is a transaction in which the Fund sells a security it does not own in anticipation that the market price of that security will decline. To the extent the Fund engages in short sales, the Fund will not make a short sale, if, after giving effect to such sale, the market value of all securities sold short exceeds 20% of the value of its Managed Assets. The Fund may also make short sales "against the box" without respect to such limitations. In this type of short sale, at the time of the sale, the Fund owns, or has the immediate and unconditional right to acquire at no additional cost, the identical security. If the price of the security sold short increases between the time of the short sale and the time the Fund replaces the borrowed security, the Fund will incur a loss; conversely, if the price declines, the Fund will realize a capital gain. Any gain will be decreased, and any loss will be increased, by the transaction costs incurred by the Fund, including the costs associated with providing collateral to the broker-dealer (usually cash and liquid securities) and the maintenance of collateral with its custodian. Although the Fund's gain is limited to the price at which it sold the security short, its potential loss is theoretically unlimited. The Fund may engage in short sales in connection with paired long-short trades to arbitrage pricing disparities in securities issued by MLPs or between MLPs and their affiliates.

Financial Leverage The Fund currently intends to seek to enhance the level of its current distributions by utilizing financial leverage through borrowing, including loans from financial institutions, or the issuance of commercial paper or other forms of debt ("Borrowings"), through the issuance of senior securities such as preferred shares ("Preferred Shares"), through reverse repurchase agreements, dollar rolls or similar transactions or through a combination of the foregoing (collectively "Financial Leverage"). The Fund may utilize Financial Leverage up to the limits imposed by the 1940 Act. Under the 1940 Act, the Fund may utilize Financial Leverage in the form of Borrowings in an aggregate amount up to $33^1/_3$% of the Fund's total assets immediately after such Borrowing and may utilize Financial Leverage in the form of Preferred Shares in an aggregate amount of up to 50% of the Fund's total assets immediately after such issuance. Under current market conditions, the Fund initially intends to utilize Financial Leverage principally through Borrowings from certain financial institutions in an amount equal to 20% to 30% of the Fund's Managed Assets, including the proceeds of such Financial Leverage. The Fund may also utilize Borrowings in excess of such limits for temporary purposes such as the settlement of transactions. So long as the net rate of return on the Fund's investments purchased with the proceeds of Financial Leverage exceeds the cost of such Financial Leverage, such excess amounts will be available to pay higher distributions to holders of the Fund's Common Shares. Any use of Financial Leverage must be approved by the Fund's board of trustees (the "Board of Trustees"). There can be no assurance that a leveraging strategy will be implemented or that it will be successful during any period during which it is employed. During the time in which the Fund is utilizing Financial Leverage, the amount of the fees paid to the Advisor for investment advisory services will be higher than if the Fund did not utilize Financial Leverage because the fees paid will be calculated based on the Fund's Managed Assets, which may create a conflict of interest between the Advisor and Common Shareholders. Because the Financial Leverage costs will be borne by the Fund at a specified rate, only the Fund's Common Shareholders will bear the cost associated with Financial Leverage. See "Use of Financial Leverage" and "Risks Financial Leverage Risk."

In connection with the Fund's anticipated use of Financial Leverage, the Fund may enter into interest rate swap or cap transactions. The Fund would use interest rate swaps or caps to seek to reduce or eliminate the risk that an increase in short-term interest rates could have on Common Share net earnings as a result of leverage. See "Use of Financial Leverage Interest Rate Transactions."

Other Investment Practices ***Derivatives Transactions.*** The Fund may, but is not required to, use various derivatives transactions in order to earn income or enhance total return, facilitate portfolio management and mitigate risks. Generally, a derivative is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate, or index, and may relate to individual debt or equity instruments, interest rates, currencies or currency exchange rates, commodities, related indexes, and other assets. The use of derivatives transactions to earn income or enhance total return may be particularly speculative. In the course of pursuing these investment strategies, the Fund may purchase and sell exchange-listed and over-the-counter put and call options on securities, equity and debt indices and other instruments, purchase and sell futures contracts and options thereon, and enter into various transactions such as swaps, caps, floors or collars. In addition, derivative transactions may also include new techniques, instruments or strategies that are permitted as regulatory changes occur. For a more complete discussion of the Fund's investment practices involving transactions in derivatives and certain other investment techniques, see "Investment Objective and Policies Derivative Instruments" in the Fund's SAI.

Other Investment Funds. The Fund may invest up to 20% of its Managed Assets in securities of other investment funds, including registered closed-end or open-end investment companies, including exchange-traded funds. The Advisor generally expects that it may invest in other investment funds either during periods when it has large amounts of uninvested cash, such as the period shortly after the Fund receives the proceeds from an offering of Common Shares or during periods when there is a shortage of attractive securities available in the market. To the extent that the Fund invests in other investment companies that invest primarily in MLPs or energy infrastructure companies, the value of such investments will be counted for purposes of the Fund's 80% Policy.

When Issued, Delayed Delivery Securities and Forward Commitments. The Fund may enter into forward commitments for the purchase or sale of securities, including on a "when issued" or "delayed delivery" basis, in excess of customary settlement periods for the type of security involved. The Fund will segregate with its custodian cash or liquid securities in an aggregate amount at least equal to the amount of its outstanding forward commitments. See "Investment Objective and Policies Certain Other Investment Practices When Issued, Delayed Delivery Securities and Forward Commitments."

Repurchase Agreements. The Fund may enter into repurchase agreements. Repurchase agreements may be seen as loans by the Fund collateralized by underlying debt securities. Under the terms of a typical repurchase agreement, the Fund would acquire an underlying debt obligation for a relatively short period (usually not more than one week) subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed price and time. See "Investment Objective and

Policies Certain Other Investment Practices Repurchase Agreements."

Reverse Repurchase Agreements. The Fund may enter into reverse repurchase agre