

TORTOISE PIPELINE & ENERGY FUND, INC.  
Form N-CSRS  
July 21, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number **811-22585**

**Tortoise Pipeline & Energy Fund, Inc.**  
(Exact name of registrant as specified in charter)

**11550 Ash Street, Suite 300, Leawood, KS 66211**  
(Address of principal executive offices) (Zip code)

**Terry Matlack**  
**Diane Bono**  
**11550 Ash Street, Suite 300, Leawood, KS 66211**  
(Name and address of agent for service)

**913-981-1020**  
Registrant's telephone number, including area code

Date of fiscal year end: **November 30**

Date of reporting period: **May 31, 2015**

---

**Item 1. Reports to Stockholders.**

**Quarterly Report** | May 31, 2015

## **2015 2nd Quarter Report**

Closed-End Funds

---

## Tortoise Capital Advisors

### 2015 2nd Quarter Report to Stockholders

This combined report provides you with a comprehensive review of our funds that span the entire energy value chain.

Tortoise Capital Advisors is one of the largest managers of energy investments, including closed-end funds, open-end funds, private funds and separate accounts.

---

## Table of contents

Letter to Stockholders	2	TTP: Fund Focus	13
NDP: Fund Focus	4	TPZ: Fund Focus	16
TYG: Fund Focus	7	Financial Statements	19
NTG: Fund Focus	10	Notes to Financial Statements	48

---

## TTP and TPZ distribution policies

Tortoise Pipeline & Energy Fund, Inc. ( TTP ) and Tortoise Power and Energy Infrastructure Fund, Inc. ( TPZ ) are relying on exemptive relief permitting them to make long-term capital gain distributions throughout the year. Each of TTP and TPZ, with approval of its Board of Directors (the Board ), has adopted a distribution policy (the Policy ) with the purpose of distributing over the course of each year, through periodic distributions as nearly equal as practicable and any required special distributions, an amount closely approximating the total taxable income of TTP and TPZ during such year and, if so determined by the Board, all or a portion of the return of capital paid by portfolio companies to TTP and TPZ during such year. In accordance with its Policy, TTP distributes a fixed amount per common share, currently \$0.45, each quarter to its common shareholders and TPZ distributes a fixed amount per common share, currently \$0.1375, each month to its common shareholders. These amounts are subject to change from time to time at the discretion of the Board. Although the level of distributions is independent of TTP's and TPZ's performance, TTP and TPZ expect such distributions to correlate with its performance over time. Each quarterly and monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions in light of TTP's and TPZ's performance for the entire calendar year and to enable TTP and TPZ to comply with the distribution requirements imposed by the Internal Revenue Code. The Board may amend, suspend or terminate the Policy without prior notice to shareholders if it deems such action to be in the best interests of TTP, TPZ and their respective shareholders. For example, the Board might take such action if the Policy had the effect of shrinking TTP's or TPZ's assets to a level that was determined to be detrimental to TTP or TPZ shareholders. The suspension or termination of the Policy could have the effect of creating a trading discount (if TTP's or TPZ's stock is trading at or above net asset value), widening an existing trading discount, or decreasing an existing premium. You should not draw any conclusions about TTP's or TPZ's investment performance from the amount of the distribution or from the terms of TTP's or TPZ's distribution policy. TTP estimates that it has distributed more than its income and net realized capital gains; therefore, a portion of your distribution may be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in TTP is paid back to you. A return of capital distribution does not necessarily reflect TTP's investment performance and should not be confused with yield or income. The amounts and sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon TTP's and TPZ's investment experience during the remainder of their fiscal year and may be subject to changes based on tax regulations. TTP and TPZ will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes.

Tortoise Capital Advisors

---

2015 2nd Quarter Report | May 31, 2015

**Closed-end fund comparison**

Name/Ticker	Primary focus	Structure	Total assets (\$ millions) <sup>1</sup>	Portfolio mix by asset type <sup>2</sup>	Portfolio mix by structure <sup>2</sup>
Tortoise Energy Independence Fund, Inc. NYSE: NDP Inception: 7/2012	North American oil & gas producers	Regulated investment company	\$357		
Tortoise Energy Infrastructure Corp. NYSE: TYG Inception: 2/2004	Midstream MLPs	C-corp	\$3,801		
Tortoise MLP Fund, Inc. NYSE: NTG Inception: 7/2010	Natural gas infrastructure MLPs	C-corp	\$1,932		
Tortoise Pipeline & Energy Fund, Inc. NYSE: TTP Inception: 10/2011	North American pipeline companies	Regulated investment company	\$396		
Tortoise Power and Energy Infrastructure Fund, Inc. NYSE: TPZ Inception: 7/2009	Power & energy infrastructure companies (Fixed income & equity)	Regulated investment company	\$242		

<sup>1</sup> As of 6/30/2015<sup>2</sup> As of 5/31/2015**Tortoise Capital Advisors**

1

## Tortoise Capital Advisors

### Second quarter 2015 report to closed-end fund stockholders

Dear fellow stockholders,

The broad energy sector seemed to find more balance during the second fiscal quarter ending May 31, 2015. The S&P Select Sector Energy<sup>®</sup> Index was essentially flat for the three- and six-month periods, returning -0.1% and -0.4%, respectively. Oil prices moved higher during the quarter, appearing to stabilize in May.

The second fiscal quarter started on an upbeat note for the broader market, with better-than-expected first quarter earnings reports and economic data showing strength in new home construction, improving employment and marginal economic growth. Though it ended essentially flat with equities performing slightly better than fixed-income securities, as the S&P 500<sup>®</sup> Index posted a 0.6% return and the Barclays U.S. Aggregate Bond Index, posted a -0.1% return.

### Upstream

Upstream oil and gas producers, as represented by the Tortoise North American Oil & Gas Producers Index<sup>SM</sup>, returned -4.2% for the fiscal year-to-date, compared to -0.3% for the second fiscal quarter, reflecting what appears to be an improving environment in this segment of the energy value chain. Crude oil prices were less volatile in the second fiscal quarter than the first, opening the fiscal quarter at \$49.76 per barrel, dropping to a quarter low of \$43.46 on March 17, peaking at \$60.93 on May 6, then closing the quarter at \$60.30. With the Organization of Petroleum Exporting Countries (OPEC) expected to continue to produce at least its 30 million barrels per day (MMbbl/d) quota in order to maintain market share a plan the organization confirmed at its June 5 meeting in Vienna U.S. oil producers have reined in spending, reduced headcounts and idled rigs. However, production continues to benefit from improved efficiencies, and current U.S. production is at its highest level since the early 1970s, averaging 9.6 MMbbl/d in May.<sup>1</sup> It is expected that production generally will decline during the second half of 2015 and into 2016 before resuming growth.

Natural gas rigs also declined during the fiscal quarter.<sup>2</sup> Nonetheless, production and inventories remain robust, which we think should keep prices at relatively low levels throughout the remainder of 2015. Increasingly efficient drilling likely will support growing production despite low natural gas prices. The bulk of growth is expected to come from the Marcellus, as uncompleted wells are finished and new infrastructure comes online to deliver gas to markets in the Northeast and the Gulf Coast. U.S. natural gas net imports decreased 9% in 2014, continuing an eight-year downward trajectory, with net natural gas imports (imports minus exports) reaching the lowest level since 1987.<sup>1</sup>

For the week ending May 29, storage levels surpassed the five-year (2010-2014) level. The week's injection of 132 billion cubic feet was the largest net injection in more than a decade.<sup>1</sup> Natural gas prices opened the fiscal quarter at \$2.75 per million thermal units (MMBtu) and peaked at \$3.27 MMBtu on March 5 as colder weather ravaged much of the nation, particularly the East Coast. Prices hit their low for the period at \$2.48 on April 27 and then closed the fiscal quarter at \$2.64 per MMBtu.

### Midstream

Following a somewhat challenging first fiscal quarter, master limited partnerships (MLPs), as represented by the Tortoise MLP Index<sup>®</sup> posted a -0.3% return for the second fiscal quarter and -4.8% for fiscal year-to-date through May 31, 2015. Midstream MLPs dramatically outperformed upstream MLPs for the fiscal year to date, as investors continued to demonstrate their preference for midstream MLPs, which generally have less direct commodity price risk than their upstream counterparts.

Broader pipeline companies fared better than MLPs (which includes companies across the energy value chain) during the second fiscal quarter, as evidenced by the 1.1% return posted by the Tortoise North American Pipeline Index<sup>SM</sup>. Even as rig counts have come down dramatically, North American production has continued to be strong, underscoring the sustained need for greater pipeline takeaway capacity. Investment within the segment remains strong, with new midstream projects placed in service during the second quarter and additional projects scheduled to commence later in 2015 and into 2016. Our projection for capital investment in MLP, pipeline and related organic growth projects from 2015 through 2017 remains strong at approximately \$160 billion.

### Downstream

Low oil prices have benefited refineries, reducing their costs and increasing demand for refined products, such as gasoline and diesel fuel. Meanwhile, continued strong natural gas production is supporting the rapid expansion of petrochemical companies that use natural gas as a

## Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

feedstock to make many household products. Over the last three years the Environmental Protection Agency and state agencies have issued draft or final permits to build or expand more than 100 oil, gas or chemical facilities along the Gulf Coast, with a dozen more applications pending.<sup>3</sup> Inexpensive, abundant natural gas also is driving new construction of fertilizer plants in various sections of the country.

(unaudited)

2

**Tortoise Capital Advisors**

---

2015 2nd Quarter Report | May 31, 2015

## Capital markets

Capital markets remained supportive during the period, continuing to demonstrate their confidence in companies across the energy value chain. Total E&P capital raised was nearly \$21 billion, with nearly \$9 billion of that in equity. Capital markets also remained supportive for MLPs, which raised approximately \$7 billion in equity and more than \$11 billion in debt. Other pipeline companies added approximately \$1.5 billion each in both debt and equity offerings. Power companies in the downstream segment raised more than \$17 billion total capital for the fiscal quarter.

There were three MLP initial public offerings (IPOs) (including a supplier of wood pellets used for power generation; one of the largest owners of oil and gas mineral interests in the U.S.; and an owner of natural gas pipelines) and one C-corporation pipeline IPO during the second fiscal quarter, together totaling approximately \$2.4 billion. Merger and acquisition activity was also healthy during the second fiscal quarter, although less robust than in the first fiscal quarter, with MLP and pipeline transactions totaling approximately \$25 billion.

## Concluding thoughts

Despite some current headwinds, we continue to believe the North American energy sector presents long-term investment opportunities. It appears that oil prices have somewhat stabilized as compared to the volatility experienced earlier in the year, and we believe the second half of 2015 will bring a more balanced supply/demand equation, supporting higher crude oil prices over time.

Sincerely,

The Managing Directors at  
Tortoise Capital Advisors, L.L.C.

---

The Tortoise North American Oil & Gas Producers Index<sup>SM</sup> is a float-adjusted, capitalization weighted index of North American energy companies engaged primarily in the production of crude oil, condensate, natural gas or natural gas liquids (NGLs). The S&P 500<sup>®</sup> index is an unmanaged market-value-weighted index of stocks, which is widely regarded as the standard for measuring large-cap U.S. stock market performance. 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 Tortoise MLP Index<sup>®</sup> is a float-adjusted, capitalization-weighted index of energy master limited partnerships (MLPs). The Tortoise Midstream MLP Index<sup>®</sup>, a sub-index of the Tortoise MLP Index<sup>®</sup>, is comprised of all constituents included in the following sub sectors: Crude Oil Pipelines, Gathering & Processing, Natural Gas Pipelines and Refined Products Pipelines. The Tortoise Upstream Index<sup>SM</sup> is comprised of all constituents included in the Tortoise MLP Index's Coal and Oil & Gas Productions sub sector indices.

The indices are the exclusive property of Tortoise Index Solutions, LLC, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) (S&P Dow Jones Indices) to calculate and maintain the Tortoise MLP Index, Tortoise North American Pipeline Index<sup>SM</sup> and Tortoise North American Oil and Gas Producers Index<sup>SM</sup>. S&P<sup>®</sup> is a registered trademark of Standard & Poor's Financial Services LLC (SPFS); Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones); and, these trademarks have been licensed to S&P Dow Jones Indices. Calculated by S&P Dow Jones Indices and its related stylized mark(s) have been licensed for use by Tortoise Index Solutions, LLC and its affiliates. Neither S&P Dow Jones Indices, SPFS, Dow Jones nor any of their affiliates sponsor and promote the Index and none shall be liable for any errors or omissions in calculating the Index.

It is not possible to invest directly in an index.

**Performance data quoted represents past performance: past performance does not guarantee future results.** Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost.

<sup>1</sup> Energy Information Administration, June 2015

<sup>2</sup> Baker Hughes, June 2015

<sup>3</sup> Environmental Integrity Project, December 2014

(unaudited)

**Tortoise Capital Advisors**

3



## Tortoise

### Energy Independence Fund, Inc. (NDP)

#### Fund description

NDP is a closed-end fund that invests primarily in equity securities of upstream North American energy companies that engage in the exploration and production of crude oil, condensate, natural gas and natural gas liquids that generally have a significant presence in North American oil and gas fields, including shale reservoirs. NDP seeks a high level of total return with an emphasis on current distributions paid to stockholders.

#### Fund performance review

The fund's market-based and NAV-based total returns for the second fiscal quarter ending May 31, 2015 were -6.3% and -0.1%, respectively (including the reinvestment of distributions), compared to the Tortoise North American Oil and Gas Producers Index<sup>SM</sup>, which returned -0.3%. Though negative, the fund's performance reflects a relatively improved market backdrop as oil prices appeared to have somewhat stabilized. The discount of the fund's stock price relative to its NAV widened during the quarter, ending at -9.9%.

#### 2nd fiscal quarter performance highlights

Market-based total return	(6.3)%
NAV-based total return	(0.1)%
Premium (discount) to NAV (as of 5/31/2015)	(9.9)%
Distributions paid per share	\$0.4375
Distribution rate (as of 5/31/2015)	9.0%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%

#### Key asset performance drivers

A number of factors influenced the fund's asset performance during the second fiscal quarter.

The fund's strategic focus on crude oil and natural gas producers in premier basins, particularly the Marcellus for natural gas and the Permian for crude oil, contributed positively to the fund's absolute and relative performance. An overweight exposure to the Mid-Continent region also helped in both absolute and relative terms.

Natural gas producers contributed more in absolute terms due to continued development in the Marcellus, although the fund's larger exposure to liquids producers boosted relative performance, as gas prices moved lower and oil rebounded slightly during the quarter.

The fund's holdings in midstream transporters of oil and gas had little effect on performance during the fiscal quarter, with the exception of refined product pipeline companies. Those refined pipeline companies with exposure to crude oil assets detracted the most due to market concern that slowing production may result in fewer pipeline projects.

The fund's covered call strategy continued to generate current income. In higher-volatility environments, we typically extend the out-of-the-money percentage while seeking to generate the same monthly income. The notional amount of the fund's covered calls averaged approximately 65% of total assets, and their out-of-the-money percentage at the time written averaged approximately 9.2% during the quarter.

*Index returns are pre-expenses and taxes.*

*Performance data quoted represents past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost.*

(unaudited)

4

Tortoise Capital Advisors

---

## Leverage update

The fund's leverage utilization increased slightly during 2nd quarter 2015. The fund utilizes all floating rate leverage that had an interest rate of 0.98% at May 31, 2015. Leverage represented 16.3% of total assets at quarter-end, slightly above the long-term target level of 15% of total assets. The interest rate on the fund's leverage will vary in the future along with changing floating rates.

## Distributable cash flow and distributions

Distributable cash flow ( 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 ) or affiliates of MLPs 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.

Distributions received from investments increased approximately 1.4% as compared to 1st quarter 2015. This was primarily due to an increase in net premiums on options written, offset by the impact of various portfolio trading and merger activity. Operating expenses, consisting primarily of fund advisory fees, increased slightly during the quarter due to increased asset-based fees. Total leverage costs rose slightly during the quarter, primarily due to increased leverage utilization. As a result of the changes in income and expenses, DCF increased by approximately 0.7% as compared to 1st quarter 2015.

We maintained our quarterly distribution of \$0.4375 per share during 2nd quarter 2015. 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 of the year if necessary to meet minimum annual distribution requirements and to avoid being subject to excise taxes.

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) U.S. generally accepted accounting principles ( GAAP ) recognizes that a significant portion of the cash distributions received from our investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; (2) 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 (3) 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).

Net Investment Loss on the Statement of Operations is adjusted as follows to reconcile to DCF for 2015 fiscal year-to-date and 2nd quarter 2015 (in thousands):

	2015 YTD	2nd Qtr 2015
Net investment loss	\$ (860)	\$ (552)
Adjustments to reconcile to DCF:		
Net premiums on options written	10,573	5,354
Distributions characterized as		
return of capital	2,094	1,121
Dividends paid in stock	515	259
DCF	\$ 12,322	\$ 6,182

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding our critical accounting policies, results of operations, leverage and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on our distributions, please visit our Web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com).

(unaudited)

Tortoise Capital Advisors

5

**NDP 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.

	2014			2015	
	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>					
Distributions and dividends from investments, net of foreign taxes withheld	\$ 2,844	\$ 2,949	\$ 2,901	\$ 1,882	\$ 1,846
Dividends paid in stock	391	404	412	256	259
Net premiums on options written	4,425	4,316	4,148	5,219	5,354
Total from investments	7,660	7,669	7,461	7,357	7,459
<b>Operating Expenses Before Leverage Costs</b>					
Advisory fees, net of fees waived	1,138	1,216	1,074	916	969
Other operating expenses	171	168	158	160	160
	1,309	1,384	1,232	1,076	1,129
Distributable cash flow before leverage costs	6,351	6,285	6,229	6,281	6,330
Leverage costs <sup>(2)</sup>	150	151	144	141	148
<b>Distributable Cash Flow<sup>(3)</sup></b>	\$ 6,201	\$ 6,134	\$ 6,085	\$ 6,140	\$ 6,182
<b>Net realized gain (loss) on investments and foreign currency translation, for the period</b>	\$ 5,732	\$ 20,857	\$ 650	\$ (10,099)	\$ (4,028)
<b>As a percent of average total assets<sup>(4)</sup></b>					
Total from investments	6.34 %	5.96 %	6.90 %	7.78 %	7.64 %
Operating expenses before leverage costs	1.08 %	1.08 %	1.14 %	1.14 %	1.16 %
Distributable cash flow before leverage costs	5.26 %	4.88 %	5.76 %	6.64 %	6.48 %
<b>As a percent of average net assets<sup>(4)</sup></b>					
Total from investments	7.26 %	6.75 %	7.57 %	9.32 %	9.10 %
Operating expenses before leverage costs	1.24 %	1.22 %	1.25 %	1.36 %	1.38 %
Leverage costs	0.14 %	0.13 %	0.15 %	0.18 %	0.18 %
Distributable cash flow	5.88 %	5.40 %	6.17 %	7.78 %	7.54 %
<b>Selected Financial Information</b>					
Distributions paid on common stock	\$ 6,351	\$ 6,350	\$ 6,351	\$ 6,351	\$ 6,351
Distributions paid on common stock per share	0.4375	0.4375	0.4375	0.4375	0.4375
Total assets, end of period	504,254	513,378	400,082	383,729	376,856
Average total assets during period <sup>(5)</sup>	479,402	510,328	433,686	383,526	387,144
Leverage <sup>(6)</sup>	60,600	58,600	56,200	61,200	61,400
Leverage as a percent of total assets	12.0 %	11.4 %	14.0 %	15.9 %	16.3 %
Net unrealized appreciation (depreciation), end of period	107,413	105,653	(12,132)	(8,127)	(1,556)
Net assets, end of period	441,064	450,516	330,458	321,029	313,685
Average net assets during period <sup>(7)</sup>	418,875	450,971	395,268	319,994	325,287
Net asset value per common share	30.38	31.04	22.76	22.12	21.61
Market value per common share	26.78	27.32	21.29	21.25	19.47
Shares outstanding (000 s)	14,516	14,516	14,516	14,516	14,516

(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 and other recurring leverage expenses.

(3) Net investment income (loss) 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, and the value of paid-in-kind distributions.

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

(5) Computed by averaging month-end values within each period.

(6) Leverage consists of outstanding borrowings under the revolving credit facility.

(7) Computed by averaging daily net assets within each period.

## Tortoise

### Energy Infrastructure Corp. (TYG)

#### Fund description

TYG is a closed-end fund that invests primarily in equity securities of master limited partnerships ( MLPs ) and their affiliates that transport, gather, process or store natural gas, natural gas liquids ( NGLs ), crude oil and refined petroleum products. TYG seeks a high level of total return with an emphasis on current distributions paid to stockholders.

#### Fund performance review

The fund's market-based and NAV-based total returns for the second fiscal quarter ending May 31, 2015 were -2.5% and -1.9%, respectively (including the reinvestment of distributions), compared to the Tortoise MLP Index®, which returned -0.3%. Though negative, the fund's performance reflects a relatively improved market backdrop as oil prices appeared to have somewhat stabilized. Nonetheless, concern about rising interest rates and low oil prices continued to be headwinds for midstream MLPs. The discount of the fund's stock price relative to its NAV widened during the quarter, ending at -7.1%.

#### 2nd fiscal quarter performance highlights

Market-based total return	(2.5)%
NAV-based total return	(1.9)%
Premium (discount) to NAV (as of 5/31/2015)	(7.1)%
Distributions paid per share	\$0.645
Distribution rate (as of 5/31/2015)	6.1%
Quarter-over-quarter distribution increase	0.8%
Year-over-year distribution increase	11.2%

#### Key asset performance drivers

A number of factors influenced the fund's asset performance during the second fiscal quarter.

Crude oil pipeline MLPs detracted the most from absolute performance during the fiscal quarter. Although crude oil pipeline MLPs were less negatively affected by falling oil prices earlier in the year than other segments of the energy value chain, they have also been slower to rebound due to market concern in the short term that slowing production may result in fewer pipeline projects. The fund's overweight stake resulted in relative underperformance in this arena.

Refined product pipeline MLPs hurt absolute and relative performance. The names that retreated the most were those with exposure to crude oil pipeline assets, along with previously strong performers that pulled back during the fiscal quarter.

Natural gas pipeline MLPs restrained absolute and relative performance, despite the continuing need for additional pipeline infrastructure.

Gathering and processing MLPs helped in absolute terms. The top contributor in this group was Williams Partners, L.P., which became an acquisition candidate by Williams Companies in a deal valued at approximately \$14 billion, news that was well received by the market. In June, Williams Companies announced a broader strategic review, putting the pending transaction in doubt, which tempered performance for Williams Partners, L.P. However, the fund's stake in companies with NGL exposure hurt relative performance as NGL prices remained low.

The fund's performance was once again helped by its midstream focus, which steered it away from upstream MLPs that continued to struggle in a low commodity price environment.

**Index returns are pre-expenses and taxes.**

**Performance data quoted represents past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost.**

(unaudited)



## Tortoise

### Energy Infrastructure Corp. (TYG) (continued)

#### Leverage update

The fund increased leverage utilization by \$13.8 million during the 2nd quarter 2015, with proceeds primarily used to fund additional portfolio investments. During the quarter, \$110 million of debt with a fixed rate of 6.11% matured and was refinanced with a blend of fixed and floating rate debt at a lower all-in interest rate and certain interest rate swap contracts were terminated. Leverage represented 24.4% of total assets at May 31, 2015, slightly below the long-term target level of 25% of total assets. At quarter-end, including the impact of interest rate swaps, approximately 72% of the leverage cost was fixed, the weighted-average maturity was 5.9 years and the weighted-average annual rate on our leverage was 3.24%. These rates will vary in the future as a result of changing floating rates, utilization of our credit facilities and as our leverage and swaps mature or are redeemed.

#### Distributable cash flow and distributions

Distributable cash flow ( DCF ) is distributions received from investments, less expenses. The total distributions received from our investments include the amount received by us as cash distributions from investments, paid-in-kind distributions, and dividend and interest payments. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes include taxes paid on our net investment income, in addition to foreign taxes, if any. Taxes incurred from realized gains on the sale of investments, expected tax benefits and deferred taxes are not included in DCF.

Distributions received from investments decreased approximately 0.9% as compared to 1st quarter 2015 due to increased distribution rates on our investments that was more than offset by the impact of various portfolio trading and merger activity. Operating expenses, consisting primarily of fund advisory fees, increased slightly during the quarter due to more days in the period, even though asset levels declined. Overall leverage costs decreased during the quarter as the impact of refinancing activity more than offset the impact of the increase in total leverage outstanding.

As a result of the changes in income and expenses, DCF decreased approximately 1.3% as compared to 1st quarter 2015. We paid a quarterly distribution of \$0.645 per share, which represents an increase of 0.8% over the prior quarter and an increase of 11.2% over the 2nd quarter 2014 distribution. A majority of the increased distribution rate over the prior year is due to the fund mergers that took place in 3rd quarter 2014 and served to reduce overall expenses in the combined entity.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles ( GAAP ), recognizes distribution income from MLPs and common stock on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; GAAP recognizes that a significant portion of the cash distributions received from MLPs and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units), whereas such amounts are not included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including fee waiver, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, realized and unrealized gains (losses) on interest rate swap settlements, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income. Non-recurring expenses related to the mergers are excluded from DCF. For 3rd quarter 2014, our DCF includes DCF from TYY and TYN for the portion of the quarter prior to the mergers (June 1, 2014 through June 22, 2014).

Net Investment Loss, before Income Taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for 2015 fiscal year-to-date and 2nd quarter 2015 (in thousands):

	2015 YTD	2nd Qtr 2015
Net investment loss, before		
income taxes	\$ (20,449)	\$ (7,600)
Adjustments to reconcile to DCF:		
Distributions characterized as		

## Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

return of capital	86,192	40,312
Amortization of debt issuance costs	449	224
Interest rate swap expenses	(275)	(185)
DCF	\$ 65,917	\$ 32,751

### Income taxes

During 2nd quarter 2015, the fund's deferred tax liability decreased by \$35 million to \$912 million, primarily as a result of the decline in value of its investment portfolio. The fund had net realized gains of \$101 million during the quarter. To the extent that the fund has taxable income, it will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets, or borrowings.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding our critical accounting policies, results of operations, leverage, taxes and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on our distributions and results, please visit our Web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com).

(unaudited)

8

**Tortoise Capital Advisors**

---

2015 2nd Quarter Report | May 31, 2015

**TYG 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.

	Q2 <sup>(1)</sup>	2014 Q3 <sup>(1)(2)</sup>	Q4 <sup>(1)</sup>	2015 Q1 <sup>(1)</sup>	Q2 <sup>(1)</sup>
<b>Total Income from Investments</b>					
Distributions and dividends from investments	\$ 27,464	\$ 47,381	\$ 50,595	\$ 52,050	\$ 52,050
Dividends paid in stock	1,479	2,040	576		
Total from investments	28,943	49,421	51,171	52,050	52,050
<b>Operating Expenses Before Leverage Costs and Current Taxes</b>					
Advisory fees, net of fees waived	5,774	10,257	10,145	9,350	9,350
Other operating expenses	365	533	476	493	493
	6,139	10,790	10,621	9,843	9,843
Distributable cash flow before leverage costs and current taxes	22,804	38,631	40,550	42,207	42,207
Leverage costs <sup>(3)</sup>	4,982	7,734	8,324	9,041	9,041
Current income tax expense <sup>(4)</sup>					
<b>Distributable Cash Flow<sup>(5)</sup></b>	\$17,822	\$30,897	\$32,226	\$33,166	\$33,166
<b>As a percent of average total assets<sup>(6)</sup></b>					
Total from investments	4.73 %	4.44 %	4.57 %	4.98 %	4.98 %
Operating expenses before leverage costs and current taxes	1.00%	0.97%	0.95%	0.94%	0.94%
Distributable cash flow before leverage costs and current taxes	3.73%	3.47%	3.62%	4.04%	4.04%
<b>As a percent of average net assets<sup>(6)</sup></b>					
Total from investments	8.43%	7.88%	8.30%	9.45%	9.45%
Operating expenses before leverage costs and current taxes	1.79%	1.72%	1.72%	1.79%	1.79%
Leverage costs and current taxes	1.45%	1.23%	1.35%	1.64%	1.64%
Distributable cash flow	5.19%	4.93%	5.23%	6.02%	6.02%
<b>Selected Financial Information</b>					
Distributions paid on common stock	\$16,730	\$29,290	\$29,530	\$30,731	\$30,731
Distributions paid on common stock per share	0.5800	0.6100	0.6150	0.6400	0.6400
Distribution coverage percentage for period <sup>(7)</sup>	106.5%	105.5%	109.1%	107.9%	107.9%
Net realized gain, net of income taxes, for the period	5,695	40,013	104,784	60,161	60,161
Total assets, end of period	2,579,795	4,603,361	4,375,596	4,204,687	4,204,687
Average total assets during period <sup>(8)</sup>	2,428,481	4,413,179	4,491,025	4,235,541	4,235,541
Leverage <sup>(9)</sup>	507,000	832,400	931,200	986,900	986,900
Leverage as a percent of total assets	19.7%	18.1%	21.3%	23.5%	23.5%
Net unrealized appreciation, end of period	907,206	1,095,415	804,600	665,363	665,363
Net assets, end of period	1,425,918	2,593,513	2,369,068	2,250,010	2,250,010
Average net assets during period <sup>(10)</sup>	1,361,662	2,489,611	2,473,220	2,234,865	2,234,865
Net asset value per common share	49.43	54.01	49.34	46.86	46.86
Market value per share	48.34	49.00	46.10	43.79	43.79
Shares outstanding (000 s)	28,844	48,017	48,017	48,017	48,017

(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) Includes amounts from Tortoise Energy Capital Corp. ( TYY ) and Tortoise North American Energy Corp. ( TYN ) for the period from June 1, 2014 through June 22, 2014.

(3) Leverage costs include interest expense, distributions to preferred stockholders, interest rate swap expenses and other recurring leverage expenses.

(4)

## Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Includes taxes paid on net investment income and foreign taxes, if any. Taxes related to realized gains are excluded from the calculation of Distributable Cash Flow ( DCF ).

- (5) Net investment income (loss), before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF: increased by the return of capital on distributions, the value of paid-in-kind distributions, premium on redemption of MRP stock, amortization of debt issuance costs and non-recurring merger expenses; and decreased by realized and unrealized gains (losses) on interest rate swap settlements and current taxes paid on net investment income.
- (6) Annualized for periods less than one full year.
- (7) Distributable Cash Flow divided by distributions paid.
- (8) Computed by averaging month-end values within each period.
- (9) Leverage consists of senior notes, preferred stock and outstanding borrowings under revolving credit facilities.
- (10) Computed by averaging daily net assets within each period.

**Tortoise Capital Advisors**

9

---

## Tortoise MLP Fund, Inc. (NTG)

### Fund Description

NTG is a closed-end fund that focuses primarily on midstream energy infrastructure master limited partnerships ( MLPs ) that engage in the business of transporting, gathering and processing and storing natural gas and natural gas liquids ( NGLs ). NTG seeks to provide stockholders with a high level of total return with an emphasis on current distributions.

### Fund performance review

The fund's market-based and NAV-based total returns for the second fiscal quarter ending May 31, 2015 were -5.6% and -1.4%, respectively (including the reinvestment of distributions), compared to the Tortoise MLP Index<sup>SM</sup>, which returned -0.3%. Although oil prices appear to have somewhat stabilized, natural gas prices moved lower during the quarter, restraining the fund's performance given its larger allocation to natural gas pipeline MLPs. The discount of the fund's stock price relative to its NAV widened during the quarter, ending at -10.1%.

#### 2nd fiscal quarter performance highlights

Market-based total return	(5.6)%
NAV-based total return	(1.4)%
Premium (discount) to NAV (as of 5/31/2015)	(10.1)%
Distributions paid per share	\$0.4225
Distribution rate (as of 5/31/2015)	7.0%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.3%

### Key asset performance drivers

A number of factors influenced the fund's asset performance during the second fiscal quarter.

The fund's focus on natural gas pipeline MLPs hurt performance, as they were the greatest detractors from both absolute and relative results, despite the continuing need for additional pipeline infrastructure.

Crude oil pipeline MLPs also detracted from absolute performance during the fiscal quarter. Although crude oil pipeline MLPs were less negatively affected by falling oil prices earlier in the year than other segments of the energy value chain, they also have been slower to rebound due to market concern in the short term that slowing production may result in fewer pipeline projects. The fund's underweight exposure helped relative performance.

Refined product pipeline MLPs detracted from absolute and relative performance. The names that retreated the most were those with crude oil pipeline assets, along with previously strong performers that pulled back during the fiscal quarter.

Gathering and processing MLPs helped in absolute terms. The top contributor in this group (and among the fund's largest holdings) was Williams Partners, L.P., which became an acquisition candidate by Williams Companies in a deal valued at approximately \$14 billion, news that was well received by the market. In June, Williams Companies announced a broader strategic review, putting the pending transaction in doubt, which tempered performance for Williams Partners, L.P. However, the fund's stake in companies with NGL exposure hurt relative performance.

The fund's performance was once again helped by its midstream focus, which steered it away from upstream MLPs that continued to struggle in a low commodity price environment.

**Note:** Effective June 25, 2015, NTG will modify its non-fundamental investment policy that reduces the minimum amount it invests in equity securities of natural gas infrastructure MLPs from at least 70% of its total assets to at least 50%. This change is intended to provide more flexibility, broaden the portfolio's diversification and total return potential. NTG will continue to seek to provide stockholders with an efficient vehicle to invest in a portfolio consisting primarily of energy infrastructure MLPs and their affiliates. Under normal circumstances, NTG will continue to invest at least 80% of total assets in equity securities of MLPs in the energy infrastructure sector.

*Index returns are pre-expenses and taxes.*

*Performance data quoted represents past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost.*

(unaudited)

10

Tortoise Capital Advisors

---

## Leverage update

The fund increased leverage utilization during 2nd quarter 2015 by \$6.8 million, with proceeds primarily used to fund additional portfolio investments. Leverage represented 24.5% of total assets at May 31, 2015, slightly below the long-term target level of 25% of total assets. Approximately 65% of the leverage cost was fixed, the weighted-average maturity was 3.0 years and the weighted-average annual rate on our leverage was 3.13%. These rates will vary in the future as a result of changing floating rates, utilization of our credit facility and as our leverage matures or is redeemed.

## Distributable cash flow and distributions

Distributable cash flow ( DCF ) is distributions received from investments, less expenses. The total distributions received from our investments include the amount we receive as cash distributions from MLPs, paid-in-kind distributions, and dividend and interest payments. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes include taxes paid on our net investment income in addition to foreign taxes, if any. Taxes incurred from realized gains on the sale of investments, expected tax benefits and deferred taxes are not included in DCF.

Distributions received from investments decreased approximately 3.3% as compared to 1st quarter 2015 due to increased distribution rates on our investments that was more than offset by the impact of various portfolio trading and merger activity. Operating expenses, consisting primarily of fund advisory fees, increased slightly during the quarter due to more days in the period, even though asset levels declined. Leverage costs rose slightly along with a small increase in average leverage outstanding as compared to the 1st quarter 2015.

As a result of the changes in income and expenses, DCF decreased approximately 5.2% as compared to 1st quarter 2015. We paid a quarterly distribution of \$0.4225 per share, which was equal to the distribution paid in the prior quarter and an increase of 0.3% over the 2nd quarter 2014 distribution.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles ( GAAP ), recognizes distribution income from MLPs and common stock on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; GAAP recognizes that a significant portion of the cash distributions received from MLPs are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units), whereas such amounts are not included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including fee waiver, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income.

Net Investment Income (Loss), before Income Taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for 2015 fiscal year-to-date and 2nd quarter 2015 (in thousands):

	2015 YTD	2nd Qtr 2015
Net investment income (loss), before income taxes	\$ (7,286)	\$ 1,413
Adjustments to reconcile to DCF:		
Distributions characterized as return of capital	46,036	17,442
Amortization of debt issuance costs	190	96
DCF	\$ 38,940	\$ 18,951

## Income taxes

During 2nd quarter 2015, the fund's deferred tax liability decreased by \$13 million to \$304 million, primarily as a result of the decline in value of its investment portfolio. The fund had net realized gains of \$41 million during the quarter. As of November 30, 2014, the fund had net operating losses of \$166 million for federal income tax purposes. To the extent that the fund has taxable income in the future that is not offset by net operating losses, it will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets, or borrowings.

## Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding our critical accounting policies, results of operations, leverage, taxes and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on our distributions and results, please visit our Web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com).

(unaudited)

**Tortoise Capital Advisors**

11

---

**NTG 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.

	2014			2015	
	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>					
Distributions and dividends from investments	\$ 27,013	\$ 27,704	\$ 28,355	\$ 29,074	\$ 29,074
Dividends paid in stock	967	992	571		
Total from investments	27,980	28,696	28,926	29,074	29,074
<b>Operating Expenses Before Leverage Costs and Current Taxes</b>					
Advisory fees, net of fees waived	4,516	5,018	4,995	4,679	4,679
Other operating expenses	348	345	343	356	356
	4,864	5,363	5,338	5,035	5,035
Distributable cash flow before leverage costs and current taxes	23,116	23,333	23,588	24,039	24,039
Leverage costs <sup>(2)</sup>	3,680	3,977	4,030	4,050	4,050
Current income tax expense <sup>(3)</sup>					
<b>Distributable Cash Flow<sup>(4)</sup></b>	<b>\$19,436</b>	<b>\$19,356</b>	<b>\$19,558</b>	<b>\$19,989</b>	<b>\$19,989</b>
<b>As a percent of average total assets<sup>(5)</sup></b>					
Total from investments	5.25 %	4.84 %	4.89 %	5.38 %	5.38 %
Operating expenses before leverage costs and current taxes	0.91%	0.90%	0.90%	0.93%	0.93%
Distributable cash flow before leverage costs and current taxes	4.34%	3.94%	3.99%	4.45%	4.45%
<b>As a percent of average net assets<sup>(5)</sup></b>					
Total from investments	8.10%	7.69%	7.92%	8.91%	8.91%
Operating expenses before leverage costs and current taxes	1.41%	1.44%	1.46%	1.54%	1.54%
Leverage costs and current taxes	1.07%	1.07%	1.10%	1.24%	1.24%
Distributable cash flow	5.62%	5.18%	5.36%	6.13%	6.13%
<b>Selected Financial Information</b>					
Distributions paid on common stock	\$19,799	\$19,799	\$19,798	\$19,858	\$19,858
Distributions paid on common stock per share	0.42125	0.42125	0.42125	0.42250	0.42250
Distribution coverage percentage for period <sup>(6)</sup>	98.2%	97.8%	98.8%	100.7%	100.7%
Net realized gain, net of income taxes, for the period	7,781	20,965	47,152	20,232	20,232
Total assets, end of period	2,254,379	2,463,737	2,282,922	2,140,619	2,140,619
Average total assets during period <sup>(7)</sup>	2,113,784	2,353,725	2,374,755	2,190,648	2,190,648
Leverage <sup>(8)</sup>	491,000	491,700	506,900	505,900	505,900
Leverage as a percent of total assets	21.8%	20.0%	22.2%	23.6%	23.6%
Net unrealized appreciation, end of period	564,007	692,312	534,591	448,351	448,351
Net assets, end of period	1,415,146	1,538,456	1,401,926	1,310,199	1,310,199
Average net assets during period <sup>(9)</sup>	1,370,204	1,479,602	1,465,610	1,323,553	1,323,553
Net asset value per common share	30.11	32.73	29.83	27.88	27.88
Market value per common share	28.43	29.69	27.97	26.16	26.16
Shares outstanding (000 s)	47,000	47,000	47,000	47,000	47,000

(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)

## Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Includes taxes paid on net investment income and foreign taxes, if any. Taxes related to realized gains are excluded from the calculation of Distributable Cash Flow ( DCF ).

- (4) Net investment income (loss), before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF: increased by the return of capital on distributions, the value of paid-in-kind distributions and amortization of debt issuance costs; and decreased by current taxes paid on net investment income.
- (5) Annualized for periods less than one full year.
- (6) Distributable Cash Flow divided by distributions paid.
- (7) Computed by averaging month-end values within each period.
- (8) Leverage consists of senior notes, preferred stock and outstanding borrowings under the revolving credit facility.
- (9) Computed by averaging daily net assets within each period.

## Tortoise Pipeline & Energy Fund, Inc. (TTP)

### Fund description

TTP is a closed-end fund that invests primarily in equity securities of pipeline companies that transport natural gas, natural gas liquids ( NGLs ), crude oil and refined products and, to a lesser extent, in other energy infrastructure companies. TTP seeks a high level of total return with an emphasis on current distributions paid to stockholders.

### Fund performance review

The fund's market-based and NAV-based total returns for the second fiscal quarter ending May 31, 2015 were -3.7% and 0.5%, respectively (including the reinvestment of distributions), compared to the Tortoise North American Pipeline Index<sup>SM</sup>, which returned 1.1%. This performance reflects a relatively improved market backdrop as oil prices appeared to have somewhat stabilized, although concerns about rising interest rates and the low price of oil continued to be headwinds for the fund during the period. The discount of the fund's stock price relative to its NAV widened during the quarter, ending at -13.8%.

### 2nd fiscal quarter performance highlights

Market-based total return	(3.7)%
NAV-based total return	0.5%
Premium (discount) to NAV (as of 5/31/2015)	(13.8)%
Distributions paid per share	\$0.45
Distribution rate (as of 5/31/2015)	6.5%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	10.4%

*Please refer to the inside front cover of this report for important information about the fund's distribution policy.*

### Key asset performance drivers

A number of factors influenced the fund's asset performance during the second fiscal quarter.

Crude oil pipeline holdings detracted from both absolute and relative performance during the fiscal quarter. Although crude oil pipeline companies were less negatively affected by falling oil prices earlier in the year than other segments of the energy value chain, they also have been slower to rebound due to market concern in the short term that slowing production may result in fewer pipeline projects.

Refined product pipeline holdings also detracted from absolute and relative performance. The names that detracted the most were those that had exposure to crude oil pipeline assets, along with previously strong performers that pulled back during the fiscal quarter.

Exposure to natural gas pipeline companies added the most to absolute performance and also helped relative results due to the continuing need for additional pipeline takeaway capacity, particularly out of the Northeast, where needs are most critical.

Gathering and processing companies helped in absolute terms. The top contributor in this group was Williams Companies, which announced its intended acquisition of Williams Partners, L.P. in a deal valued at approximately \$14 billion, which was well received by the market. In June, Williams Companies announced a broader strategic review, putting the pending transaction in doubt, further boosting performance for Williams Companies. However, the fund's overweight stake in companies with NGL exposure hurt relative performance as NGL prices remained low.

The fund's covered call strategy, which focuses on independent energy companies that are key pipeline transporters, enabled the fund to generate current income. In higher volatility environments, we typically extend the out-of-the-money and try to generate the same monthly income. The notional amount of the fund's covered calls averaged approximately 10% of total assets, and their out-of-the-money percentage at the time written averaged approximately 8.2% during the quarter.

***Index returns are pre-expenses and taxes.***

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

*Performance data quoted represents past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost.*

(unaudited)

Tortoise Capital Advisors

13

---

## Tortoise

### Pipeline & Energy Fund, Inc. (TTP) (continued)

#### Leverage update

The fund decreased overall leverage utilization during 2nd quarter 2015 by \$0.9 million. Leverage represented 21.5% of total assets at May 31, 2015, below the long-term target level of 25% of total assets. Approximately 49% of the leverage cost was fixed, the weighted-average maturity was 3.6 years and the weighted-average annual rate on our leverage was 2.68%. These rates will vary in the future as a result of changing floating rates, utilization of our credit facility and as our leverage matures or is redeemed.

#### Distributable cash flow and distributions

Distributable cash flow ( 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.

Distributions received from investments decreased approximately 2.1% as compared to 1st quarter 2015, primarily due to lower net premiums on options written which was slightly offset by higher distribution rates on investments. Operating expenses, consisting primarily of fund advisory fees, increased during the quarter due to a reduction in the advisory fee waiver that took place during the prior quarter and increased asset-based fees. Leverage costs increased slightly during the quarter due to more days in the period, although refinancing activity that took place during the prior quarter lowered the fund's weighted-average leverage cost. As a result of the changes in income and expenses, DCF declined by approximately 4.5% as compared to 1st quarter 2015. In addition, the fund had net realized gains on investments of \$1.7 million during 2nd quarter 2015.

We paid a quarterly distribution of \$0.45 per share, which was equal to the regular distribution paid in the prior quarter and represents an increase of 10.4% over the prior year. We expect that the payment of increased quarterly distributions will cover the majority of our required annual distributions of net investment company taxable income and net realized gains for income and excise tax purposes, although an additional payment may be made in the last calendar quarter of the year to cover any remaining required minimum distribution amounts and to avoid being subject to excise taxes. The fund's distribution policy is described on the inside front cover of this report.

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

Net Investment Income on the Statement of Operations is adjusted as follows to reconcile to DCF for 2015 fiscal year-to-date and 2nd quarter 2015 (in thousands):

	2015 YTD	2nd Qtr 2015
Net investment income	\$ 1,385	\$ 730
Adjustments to reconcile to DCF:		
Net premiums on options written	2,638	1,242
Distributions characterized as return of capital	2,619	1,263
Dividends paid in stock	632	318
Amortization of debt issuance costs	40	20

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

DCF

\$ 7,314

\$ 3,573

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding our critical accounting policies, results of operations, leverage and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on our distributions, please visit our Web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com).

(unaudited)

14

**Tortoise Capital Advisors**

---

2015 2nd Quarter Report | May 31, 2015

**TTP 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.

	2014			2015	
	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 from investments, net of foreign taxes withheld	\$ 3,384	\$ 3,450	\$ 3,627	\$ 3,828	\$ 3,862
Dividends paid in stock	681	682	622	314	318
Net premiums on options written	1,685	1,496	1,467	1,396	1,242
Total from investments	5,750	5,628	5,716	5,538	5,422
<b>Operating Expenses Before Leverage Costs</b>					
Advisory fees, net of fees waived	1,032	1,148	1,111	1,008	1,055
Other operating expenses	162	164	166	169	172
	1,194	1,312	1,277	1,177	1,227
Distributable cash flow before leverage costs	4,556	4,316	4,439	4,361	4,195
Leverage costs <sup>(2)</sup>	643	643	644	620	622
<b>Distributable Cash Flow<sup>(3)</sup></b>	\$ 3,913	\$ 3,673	\$ 3,795	\$ 3,741	\$ 3,573
<b>Net realized gain on investments and foreign currency translation, for the period</b>	\$ 3,664	\$ 2,924	\$ 11,408	\$ 6,287	\$ 1,729
<b>As a percent of average total assets<sup>(4)</sup></b>					
Total from investments	5.26 %	4.64 %	4.84 %	5.29 %	5.11 %
Operating expenses before leverage costs	1.09 %	1.08 %	1.08 %	1.12 %	1.16 %
Distributable cash flow before leverage costs	4.17 %	3.56 %	3.76 %	4.17 %	3.95 %
<b>As a percent of average net assets<sup>(4)</sup></b>					
Total from investments	6.64 %	5.71 %	6.04 %	6.85 %	6.51 %
Operating expenses before leverage costs	1.38 %	1.33 %	1.35 %	1.46 %	1.47 %
Leverage costs	0.74 %	0.65 %	0.68 %	0.77 %	0.75 %
Distributable cash flow	4.52 %	3.73 %	4.01 %	4.62 %	4.29 %
<b>Selected Financial Information</b>					
Distributions paid on common stock <sup>(5)</sup>	\$ 4,082	\$ 4,081	\$ 4,082	\$ 6,010	\$ 4,507
Distributions paid on common stock per share <sup>(5)</sup>	0.4075	0.4075	0.4075	0.6000	0.4500
Total assets, end of period	456,893	503,048	443,581	419,182	417,589
Average total assets during period <sup>(6)</sup>	433,489	481,017	473,470	424,669	420,576
Leverage <sup>(7)</sup>	90,000	89,600	91,000	90,800	89,900
Leverage as a percent of total assets	19.7 %	17.8 %	20.5 %	21.7 %	21.5 %
Net unrealized appreciation, end of period	128,774	178,087	109,930	83,027	82,054
Net assets, end of period	363,949	410,405	350,975	326,152	322,215
Average net assets during period <sup>(8)</sup>	343,389	390,977	379,709	327,723	330,279
Net asset value per common share	36.34	40.97	35.04	32.56	32.17
Market value per common share	32.95	36.46	32.50	29.28	27.72
Shares outstanding (000 s)	10,016	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 (loss) 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) Q1 2015 includes a \$0.15 per share distribution paid to meet the required distribution amount for 2014, in addition to the regular quarterly distribution of \$0.45 per share.

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

(6) Computed by averaging month-end values within each period.

(7) Leverage consists of senior notes, preferred stock and outstanding borrowings under the revolving credit facility.

(8) Computed by averaging daily net assets within each period.

**Tortoise Capital Advisors**

15

---

## Tortoise

### Power and Energy Infrastructure Fund, Inc. (TPZ)

#### Fund description

TPZ is a closed-end fund that seeks to invest in fixed-income and dividend-paying equity securities of power and energy infrastructure companies that provide stable and defensive characteristics throughout economic cycles. TPZ seeks to provide a high level of current income to stockholders, with a secondary objective of capital appreciation.

#### Fund performance review

The fund's market-based and NAV-based total returns for the second fiscal quarter ending May 31, 2015 were 3.1% and 1.8%, respectively (including the reinvestment of distributions), compared to the performance of the TPZ Benchmark Composite\*, which returned -0.7%. Although some headwinds remain, this positive performance reflects a relatively improved market backdrop as oil prices appeared to have stabilized during the quarter and the fund's fixed income and power company holdings also helped performance during a volatile market. The discount of the fund's stock price relative to its NAV narrowed during the quarter, ending at -8.3%.

#### 2nd fiscal quarter performance highlights

Market-based total return	3.1%
NAV-based total return	1.8%
Premium (discount) to NAV (as of 5/31/2015)	(8.3)%
Monthly distributions paid per share	\$0.1375
Distribution rate (as of 5/31/2015)	6.2%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	10.0%

*Please refer to the inside front cover of the report for important information about the fund's distribution policy.*

\*The TPZ Benchmark Composite includes the BofA Merrill Lynch US Energy Index (CIEN), the BofA Merrill Lynch U.S. Electricity Index (CUEL) and the Tortoise MLP Index® (TMLP). It is comprised of a blend of 70% fixed income and 30% equity securities issued by companies in the power and energy infrastructure sectors.

#### Key asset performance drivers

A number of factors influenced the fund's asset performance during the second fiscal quarter.

The fund's equity holdings performed better than its fixed income holdings due to concerns about rising interest rates.

Power companies, particularly YieldCos (utility and power companies with a high yield and visible growth component) added the most to performance during the quarter due to increased demand for renewable power sources, particularly in wind and solar.

Natural gas pipeline companies continued to benefit from the need for additional pipeline takeaway capacity, particularly out of the Northeast, where needs are the most critical.

Gathering and processing companies helped in absolute terms. The biggest factor driving performance for holdings in this group was the market's assumption that Williams Companies' intended acquisition of Williams Partners L.P. should result in the debt being rated as investment grade. In June, Williams Companies announced a broader strategic review, putting the pending transaction in doubt, further boosting performance for Williams Companies.

Crude oil pipeline MLPs detracted from absolute performance during the quarter. Although pipeline companies were less negatively affected by falling oil prices earlier in the year than other segments of the energy value chain, they have also been slower to rebound due to market concern in the short term that slowing production may result in fewer pipeline projects.

**Index returns are pre-expenses and taxes.**

**Performance data quoted represents past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost.**

(unaudited)

## Leverage update

The fund increased leverage utilization during 2nd quarter 2015 by \$0.8 million. Leverage represented 19.8% of total assets at May 31, 2015, slightly below the long-term target level of 20% of total assets. Including the impact of interest rate swaps, about 52% of the leverage cost was fixed, the weighted-average maturity was 2.0 years and the weighted-average annual rate on our leverage was 1.71%. These rates will vary in the future as a result of changing floating rates and as our swaps mature or are redeemed.

## Distributable cash flow and distributions

Distributable cash flow ( DCF ) is income from investments less expenses. Income from investments includes the accrued interest from corporate bonds, cash distributions and paid-in-kind distributions from master limited partnerships ( MLPs ) and other equity investments and dividends earned from short-term investments. The total expenses include current or anticipated operating expenses and leverage costs.

Distributions received from investments decreased 1.2% as compared to 1st quarter 2015 due to increased distribution rates on our investments which was more than offset by the impact of various portfolio trading activity during the quarter. Operating expenses, consisting primarily of fund advisory fees, increased during the quarter due primarily due to higher asset-based fees. Total leverage costs increased as a result of increased leverage utilization during the quarter. As a result of the changes in income and expenses, DCF decreased approximately 3.6% as compared to 1st quarter 2015. In addition, the fund had net realized gains on investments of \$4.5 million during 2nd quarter 2015.

We paid monthly distributions of \$0.1375 per share during 2nd quarter 2015, an increase of 10.0% over the monthly distributions paid in the prior quarter. Our Board of Directors has declared monthly distributions of \$0.1375 per share to be paid during 3rd quarter 2015. We expect that the payment of increased monthly distributions will cover the majority of our required annual distributions of net investment company taxable income and net realized gains for income and excise tax purposes, although an additional payment may be made in the last calendar quarter of the year to cover any remaining required minimum distribution amounts and to avoid being subject to excise taxes. The fund's distribution policy is described on the inside front cover of this report.

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) U.S. generally accepted accounting principles ( GAAP ), recognizes distribution income from MLPs and common stock on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; (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) amortization of premium or discount for all securities is calculated using the yield to worst methodology for GAAP purposes while yield to call is used in calculating amortization for long-dated hybrid securities in the DCF calculation. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including fee waiver, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense and realized and unrealized gains (losses) on interest rate swap settlements as leverage costs.

Net Investment Income on the Statement of Operations is adjusted as follows to reconcile to DCF for 2015 fiscal year-to-date and 2nd quarter 2015 (in thousands):

	2015 YTD	2nd Qtr 2015
Net investment income	\$3,444	\$1,905
Adjustments to reconcile to DCF:		
Dividends paid in stock	502	223
Distributions characterized as return of capital	980	291
Interest rate swap expenses	(188)	(94)
Change in amortization methodology	116	58
DCF	\$4,854	\$2,383

## Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding our critical accounting policies, results of operations, leverage and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on our distributions, please visit our Web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com).

(unaudited)

**Tortoise Capital Advisors**

17

---

**TPZ 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.

	2014			2015	
	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>					
Interest earned on corporate bonds	\$ 2,057	\$ 2,043	\$ 2,107	\$ 1,987	\$ 1,966
Distributions and dividends from investments, net of foreign taxes withheld	833	782	918	1,121	1,156
Dividends paid in stock	620	564	497	279	223
Total from investments	3,510	3,389	3,522	3,387	3,345
<b>Operating Expenses Before Leverage Costs</b>					
Advisory fees, net of fees waived	545	579	581	571	604
Other operating expenses	136	131	132	140	141
	681	710	713	711	745
Distributable cash flow before leverage costs	2,829	2,679	2,809	2,676	2,600
Leverage costs <sup>(2)</sup>	191	194	192	205	217
<b>Distributable Cash Flow<sup>(3)</sup></b>	\$ 2,638	\$ 2,485	\$ 2,617	\$ 2,471	\$ 2,383
<b>Net realized gain on investments and foreign currency translation, for the period</b>	\$ 13	\$ 8,061	\$ 4,549	\$ 6,890	\$ 4,470
<b>As a percent of average total assets<sup>(4)</sup></b>					
Total from investments	5.78 %	5.24 %	5.43 %	5.42 %	5.23 %
Operating expenses before leverage costs	1.12 %	1.10 %	1.10 %	1.14 %	1.16 %
Distributable cash flow before leverage costs	4.66 %	4.14 %	4.33 %	4.28 %	4.07 %
<b>As a percent of average net assets<sup>(4)</sup></b>					
Total from investments	6.87 %	6.20 %	6.45 %	6.78 %	6.54 %
Operating expenses before leverage costs	1.33 %	1.30 %	1.31 %	1.42 %	1.46 %
Leverage costs	0.37 %	0.35 %	0.35 %	0.41 %	0.42 %
Distributable cash flow	5.17 %	4.55 %	4.79 %	4.95 %	4.66 %
<b>Selected Financial Information</b>					
Distributions paid on common stock <sup>(5)</sup>	\$ 2,607	\$ 2,606	\$ 2,607	\$ 11,296	\$ 2,867
Distributions paid on common stock per share <sup>(5)</sup>	0.3750	0.3750	0.3750	1.6250	0.4125
Total assets, end of period	247,186	266,208	259,361	253,071	254,507
Average total assets during period <sup>(6)</sup>	241,067	256,362	260,127	253,464	253,728
Leverage <sup>(7)</sup>	37,900	39,400	42,400	49,600	50,400
Leverage as a percent of total assets	15.3 %	14.8 %	16.3 %	19.6 %	19.8 %
Net unrealized appreciation, end of period	75,935	86,880	73,587	63,150	60,294
Net assets, end of period	208,421	226,025	216,048	202,647	203,208
Average net assets during period <sup>(8)</sup>	202,603	216,927	219,134	202,470	202,765
Net asset value per common share	29.98	32.52	31.08	29.15	29.23
Market value per common share	27.44	29.62	26.90	26.40	26.80
Shares outstanding (000 s)	6,951	6,951	6,951	6,951	6,951

(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, interest rate swap expenses and other recurring leverage expenses.

(3) Net investment income (loss) on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow ( DCF ): increased by the return of capital on distributions, the value of paid-in-kind distributions and the change in methodology for calculating amortization of premiums or discounts; and decreased by realized and unrealized gains (losses) on interest rate swap settlements.

## Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

- (4) Annualized for periods less than one full year.
- (5) Q1 2015 includes a \$1.25 per share distribution paid to meet the required distribution amount for 2014 in addition to regular monthly distributions that totaled \$0.375 per share.
- (6) Computed by averaging month-end values within each period.
- (7) Leverage consists of outstanding borrowings under the revolving credit facility.
- (8) Computed by averaging daily net assets within each period.

18

**Tortoise Capital Advisors**

---

2015 2nd Quarter Report | May 31, 2015

**NDP Schedule of Investments** (unaudited)  
May 31, 2015

	Shares	Fair Value
<b>Common Stock 89.8%</b>		
<b>Crude/Refined Products Pipelines 0.8%</b>		
<b>United States 0.8%</b>		
Plains GP Holdings, L.P.	91,716	\$ 2,564,379
<b>Natural Gas/Natural Gas Liquids Pipelines 0.0%</b>		
<b>United States 0.0%</b>		
Kinder Morgan, Inc.	2	83
<b>Oil and Gas Production 89.0%</b>		
<b>Canada 7.9%</b>		
ARC Resources LTD.	334,600	6,129,132
Cenovus Energy Inc.	153,200	2,526,268
Encana Corporation	275,100	3,482,766
Enerplus Corporation	275,800	2,655,954
Penn West Petroleum Ltd.	6,400	12,544
Suncor Energy Inc.(2)(3)	347,800	10,166,194
<b>The Netherlands 2.2%</b>		
Royal Dutch Shell plc (ADR)	114,500	6,837,940
<b>United Kingdom 1.3%</b>		
BP p.l.c. (ADR)	96,400	3,996,744
<b>United States 77.6%</b>		
Anadarko Petroleum Corporation(2)(3)	325,300	27,198,333
Antero Resources Corporation(2)(3)(4)	146,610	5,865,866
Cabot Oil & Gas Corporation(3)	141,900	4,818,924
Carrizo Oil & Gas, Inc.(2)(3)(4)	197,100	9,886,536
Chesapeake Energy Corporation(2)(3)	212,200	2,994,142
Cimarex Energy Co.(2)(3)	82,473	9,526,456
Concho Resources Inc.(2)(3)(4)	107,243	12,901,333
Continental Resources, Inc.(2)(3)(4)	57,300	2,610,588
Devon Energy Corporation(2)(3)	119,400	7,787,268
Diamondback Energy, Inc.(2)(3)(4)	63,400	4,933,154
Energen Corporation(2)(3)	76,700	5,307,640
EOG Resources, Inc.(2)(3)	363,300	32,221,077
EP Energy Corporation(4)	142,700	1,876,505
EQT Corporation(2)(3)	238,006	20,247,170
Hess Corporation(2)(3)	32,793	2,214,183
Laredo Petroleum, Inc.(2)(3)(4)	194,540	2,649,635
Marathon Oil Corporation(2)(3)	423,000	11,501,370
Newfield Exploration Company(2)(3)(4)	261,588	9,890,642
Noble Energy, Inc.(2)(3)	205,000	8,974,900
Occidental Petroleum Corporation(2)(3)	186,100	14,551,159
Pioneer Natural Resources Company(2)(3)	186,215	27,528,164
Range Resources Corporation(2)(3)	197,400	10,937,934
RSP Permian, Inc.(4)	110,556	3,148,635
Whiting Petroleum Corporation(2)(3)(4)	115,227	3,801,339
		279,180,495
Total Common Stock (Cost \$306,347,798)		281,744,957
<b>Master Limited Partnerships and Related Companies 30.2%</b>		
<b>Crude/Refined Products Pipelines 18.1%</b>		
<b>United States 18.1%</b>		
Buckeye Partners, L.P.	49,673	3,841,213
Enbridge Energy Management, L.L.C.(5)	462,080	16,699,556
Magellan Midstream Partners, L.P.	92,000	7,334,240
MPLX LP	99,026	7,228,898
Phillips 66 Partners LP	53,277	3,875,369
Plains All American Pipeline, L.P.	179,229	8,414,802
Rose Rock Midstream, L.P.	32,489	1,646,218

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Shell Midstream Partners, L.P.	30,756	1,380,944
Shell Midstream Partners, L.P. <sup>(6)</sup>	21,139	902,847
Tesoro Logistics LP	70,281	4,062,945
Valero Energy Partners LP	26,106	1,336,888
		56,723,920
<b>Natural Gas/Natural Gas Liquids Pipelines 6.2%</b>		
<b>United States 6.2%</b>		
Columbia Pipeline Partners LP	35,719	966,199
Energy Transfer Partners, L.P.	152,945	8,600,097
Enterprise Products Partners L.P.	229,988	7,456,211
EQT GP Holdings, LP	8,439	271,905
EQT Midstream Partners, LP	24,303	2,033,432
		19,327,844
<b>Natural Gas Gathering/Processing 5.9%</b>		
<b>United States 5.9%</b>		
Antero Midstream Partners LP	38,218	1,089,213
DCP Midstream Partners, LP	74,813	2,827,931
EnLink Midstream Partners, LP	86,700	2,151,894
Targa Resources Partners LP	113,412	4,902,801
Western Gas Partners, LP	34,300	2,349,550
Williams Partners L.P.	93,954	5,250,149
		18,571,538
Total Master Limited Partnerships and Related Companies (Cost \$72,497,511)		94,623,302
<b>Short-Term Investment 0.0%</b>		
<b>United States Investment Company 0.0%</b>		
Fidelity Institutional Money Market Portfolio Class I, 0.10% <sup>(7)</sup> (Cost \$72,594)	72,594	72,594
<b>Total Investments 120.0%</b> <b>(Cost \$378,917,903)</b>		376,440,853
<b>Total Value of Options Written</b> <b>(Premiums received \$1,848,992) (0.3%)</b>		(927,072)
<b>Other Assets and Liabilities (19.7%)</b>		(61,828,974)
<b>Total Net Assets Applicable to</b> <b>Common Stockholders 100.0%</b>		\$313,684,807

(1) Calculated as a percentage of net assets applicable to common stockholders.

(2) All or a portion of the security is segregated as collateral for the margin borrowing facility. See Note 10 to the financial statements for further disclosure.

(3) All or a portion of the security represents cover for outstanding call option contracts written.

(4) Non-income producing security.

(5) Security distributions are paid-in-kind.

(6) Restricted securities have been fair valued in accordance with procedures approved by the Board of Directors and have a total fair value of \$902,847, which represents 0.3% of net assets. See Note 6 to the financial statements for further disclosure.

(7) Rate indicated is the current yield as of May 31, 2015.

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

19

**NDP Schedule of Options Written** (unaudited)

May 31, 2015

<b>Call Options Written</b>	<b>Expiration Date</b>	<b>Strike Price</b>	<b>Contracts</b>	<b>Fair Value</b>
Anadarko Petroleum Corporation	June 2015	\$ 95.00	3,253	\$ (29,277)
Antero Resources Corporation	June 2015	47.50	1,466	(18,247)
Cabot Oil & Gas Corporation	June 2015	38.20	1,419	(3,302)
Carrizo Oil & Gas, Inc.	June 2015	57.50	1,971	(24,637)
Chesapeake Energy Corporation	June 2015	17.00	2,122	(8,488)
Cimarex Energy Co.	June 2015	125.00	824	(41,200)
Concho Resources Inc.	June 2015	125.00	1,072	(181,168)
Continental Resources, Inc.	June 2015	50.00	573	(22,920)
Devon Energy Corporation	June 2015	70.00	1,194	(20,298)
Diamondback Energy Inc.	June 2015	85.00	334	(15,865)
Diamondback Energy Inc.	June 2015	87.50	300	(12,000)
Energen Corporation	June 2015	75.00	767	(30,680)
EOG Resources, Inc.	June 2015	97.50	3,633	(32,697)
EQT Corporation	June 2015	100.00	2,380	(35,700)
Hess Corporation	June 2015	75.00	327	(2,616)
Laredo Petroleum, Inc.	June 2015	16.00	1,945	(24,313)
Marathon Oil Corporation	June 2015	31.00	4,230	(8,460)
Newfield Exploration Company	June 2015	38.00	2,615	(248,425)
Noble Energy, Inc.	June 2015	48.50	2,050	(50,555)
Occidental Petroleum Corporation	June 2015	82.50	1,861	(40,942)
Pioneer Natural Resources Company	June 2015	170.00	1,862	(42,826)
Range Resources Corporation	June 2015	67.50	1,974	(19,740)
Suncor Energy Inc.	June 2015	33.00	3,478	(6,956)
Whiting Petroleum Corporation	June 2015	39.00	1,152	(5,760)
<b>Total Value of Call Options Written</b>				
(Premiums received \$1,848,992)				\$ (927,072)

See accompanying Notes to Financial Statements.

2015 2nd Quarter Report | May 31, 2015

**TYG Schedule of Investments** (unaudited)  
 May 31, 2015

	Shares	Fair Value
<b>Master Limited Partnerships 187.6%</b>		
<b>Crude/Refined Products Pipelines 91.9%</b>		
<b>United States 91.9%</b>		
Buckeye Partners, L.P.	3,166,352	\$ 244,854,000
Enbridge Energy Partners, L.P.	5,275,583	195,671,374
Genesis Energy L.P.	1,440,132	70,033,619
Holly Energy Partners, L.P.	1,840,580	62,082,763
Magellan Midstream Partners, L.P. <sup>(2)</sup>	4,694,770	374,267,064
MPLX LP	1,496,831	109,268,663
NuStar Energy L.P.	805,425	50,266,574
Phillips 66 Partners LP	826,605	60,127,248
Plains All American Pipeline, L.P.	7,701,078	361,565,612
Shell Midstream Partners, L.P.	1,247,645	56,019,261
Shell Midstream Partners, L.P. <sup>(3)</sup>	226,272	9,664,077
Sunoco Logistics Partners L.P.	5,978,510	236,748,996
Tesoro Logistics LP	2,224,948	128,624,244
Valero Energy Partners LP	731,600	37,465,236
		1,996,658,731
<b>Natural Gas/Natural Gas Liquids Pipelines 54.8%</b>		
<b>United States 54.8%</b>		
Columbia Pipeline Partners LP	1,541,584	41,699,847
Dominion Midstream Partners, LP	896,190	37,783,370
Energy Transfer Equity, L.P.	2,184,000	149,975,280
Energy Transfer Partners, L.P.	4,548,995	255,789,989
Enterprise Products Partners L.P.	7,690,706	249,332,689
EQT GP Holdings, LP	268,960	8,665,891
EQT Midstream Partners, LP	1,454,774	121,720,941
ONEOK Partners, L.P.	4,247,456	165,863,157
Spectra Energy Partners, LP	2,996,394	152,816,094
Tallgrass Energy Partners, LP	142,862	7,070,240
		1,190,717,498
<b>Natural Gas Gathering/Processing 40.9%</b>		
<b>United States 40.9%</b>		
Antero Midstream Partners LP	1,614,943	46,025,876
DCP Midstream Partners, LP	1,623,254	61,359,001
EnLink Midstream Partners, LP	3,368,931	83,616,867
MarkWest Energy Partners, L.P.	3,079,827	199,049,219
Targa Resources Partners LP	2,869,389	124,043,687
Western Gas Partners, LP	2,404,556	164,712,086
Williams Partners L.P.	3,744,123	209,221,593
		888,028,329
Total Master Limited Partnerships (Cost \$2,321,428,700)		4,075,404,558
<b>Common Stock 0.8%</b>		
<b>Crude/Refined Products Pipelines 0.8%</b>		
<b>United States 0.8%</b>		
Plains GP Holdings, L.P. (Cost \$13,184,147)	630,662	17,633,310
<b>Short-Term Investment 0.0%</b>		
<b>United States Investment Company 0.0%</b>		
Fidelity Institutional Money Market Portfolio Class I, 0.10% <sup>(4)</sup> (Cost \$27,712)	27,712	27,712
<b>Total Investments 188.4%</b> <b>(Cost \$2,334,640,559)</b>		4,093,065,580
<b>Interest Rate Swap Contracts (0.0%)</b>		
\$20,000,000 notional unrealized depreciation <sup>(5)</sup>		(526,491)
<b>Other Assets and Liabilities (49.7%)</b>		(1,079,862,977)
<b>Senior Notes (25.1%)</b>		(545,000,000)

<b>Mandatory Redeemable Preferred Stock at Liquidation Value (13.6%)</b>		(295,000,000)
<b>Total Net Assets Applicable to Common Stockholders 100.0%</b>	\$	2,172,676,112

(1) Calculated as a percentage of net assets applicable to common stockholders.

(2) A portion of the security is segregated as collateral for the unrealized depreciation of interest rate swap contracts of \$526,491.

(3) Restricted securities have been fair valued in accordance with procedures approved by the Board of Directors and have a total fair value of \$9,664,077, which represents 0.4% of net assets. See Note 6 to the financial statements for further disclosure.

(4) Rate indicated is the current yield as of May 31, 2015.

(5) See Note 11 to the financial statements for further disclosure.

See accompanying Notes to Financial Statements.

**Tortoise Capital Advisors**

21

**NTG Schedule of Investments** (unaudited)

May 31, 2015

	Shares	Fair Value
<b>Master Limited Partnerships 163.4%</b>		
<b>Natural Gas/Natural Gas Liquids Pipelines 67.4%</b>		
<b>United States 67.4%</b>		
Columbia Pipeline Partners LP	1,183,684	\$ 32,018,652
Dominion Midstream Partners, LP	548,376	23,119,532
Energy Transfer Partners, L.P.	3,602,953	202,594,047
Enterprise Products Partners L.P.	5,680,166	184,150,982
EQT GP Holdings, LP	136,622	4,401,961
EQT Midstream Partners, LP	980,999	82,080,186
ONEOK Partners, L.P.	3,468,462	135,443,441
Spectra Energy Partners, LP	3,674,539	187,401,489
Tallgrass Energy Partners, LP	72,354	3,580,799
		854,791,089
<b>Natural Gas Gathering/Processing 47.4%</b>		
<b>United States 47.4%</b>		
Antero Midstream Partners LP	855,450	24,380,325
DCP Midstream Partners, LP	853,057	32,245,555
EnLink Midstream Partners, LP	2,991,838	74,257,419
MarkWest Energy Partners, L.P.	1,784,269	115,317,305
Summit Midstream Partners LP	532,573	17,910,430
Targa Resources Partners LP	2,027,237	87,637,456
Western Gas Partners, LP	1,474,485	101,002,223
Williams Partners L.P.	2,657,627	148,508,197
		601,258,910
<b>Crude/Refined Products Pipelines 48.6%</b>		
<b>United States 48.6%</b>		
Buckeye Partners, L.P.	1,177,855	91,083,527
Enbridge Energy Partners, L.P.	2,141,040	79,411,174
Genesis Energy L.P.	209,788	10,201,990
Holly Energy Partners, L.P.	1,147,262	38,697,147
Magellan Midstream Partners, L.P.	928,347	74,007,823
MPLX LP	475,904	34,740,992
NuStar Energy L.P.	512,742	32,000,228
Phillips 66 Partners LP	353,692	25,727,556
Plains All American Pipeline, L.P.	1,983,429	93,121,992
Shell Midstream Partners, L.P.	660,042	29,635,886
Shell Midstream Partners, L.P. <sup>(2)</sup>	114,978	4,910,710
Sunoco Logistics Partners L.P.	1,220,247	48,321,781
Tesoro Logistics LP	693,480	40,090,079
Valero Energy Partners LP	289,300	14,815,053
		616,765,938
Total Master Limited Partnerships (Cost \$1,445,660,213)		2,072,815,937
<b>Common Stock 1.4%</b>		
<b>Natural Gas/Natural Gas Liquid Pipelines 1.4%</b>		
<b>United States 1.4%</b>		
Kinder Morgan, Inc. (Cost \$15,054,427)	442,707	18,367,914
<b>Short-Term Investment 0.0%</b>		
<b>United States Investment Company 0.0%</b>		
Fidelity Institutional Money Market Portfolio Class I, 0.10% <sup>(3)</sup> (Cost \$78,431)	78,431	78,431
<b>Total Investments 164.8%</b> (Cost \$1,460,793,071)		2,091,262,282
<b>Other Assets and Liabilities (30.3%)</b>		(384,443,277)

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

<b>Senior Notes</b> (27.4)% <sup>(1)</sup>	(348,000,000)
<b>Mandatory Redeemable Preferred Stock</b>	
<b>at Liquidation Value</b> (7.1)% <sup>(2)</sup>	(90,000,000)
<b>Total Net Assets Applicable to</b>	
<b>Common Stockholders</b> 100.0% <sup>(3)</sup>	\$ 1,268,819,005

(1) Calculated as a percentage of net assets applicable to common stockholders.

(2) Restricted securities have been fair valued in accordance with procedures approved by the Board of Directors and have a total fair value of \$4,910,710, which represents 0.4% of net assets. See Note 6 to the financial statements for further disclosure.

(3) Rate indicated is the current yield as of May 31, 2015.

See accompanying Notes to Financial Statements.

2015 2nd Quarter Report | May 31, 2015

**TTP Schedule of Investments** (unaudited)  
May 31, 2015

	Shares	Fair Value
<b>Common Stock 90.5%</b>		
<b>Crude/Refined Products Pipelines 12.2%</b>		
<b>Canada 8.3%</b>		
Enbridge Inc.	333,377	\$ 15,975,426
Inter Pipeline Ltd.	388,462	9,664,695
Pembina Pipeline Corporation	30,265	975,654
<b>United States 3.9%</b>		
Plains GP Holdings, L.P.	370,961	10,372,070
VTTI Energy Partners LP	88,441	2,289,737
		39,277,582
<b>Local Distribution Companies 11.6%</b>		
<b>United States 11.6%</b>		
CenterPoint Energy, Inc.	253,253	5,158,764
NiSource Inc.	683,109	32,229,083
		37,387,847
<b>Marine Transportation 1.6%</b>		
<b>Republic of the Marshall Islands 1.6%</b>		
Teekay Offshore Partners L.P.	223,330	4,991,425
<b>Natural Gas Gathering Pipelines 17.6%</b>		
<b>United States 17.6%</b>		
Targa Resources Corp.	172,680	15,877,926
The Williams Companies, Inc.	802,105	40,987,565
		56,865,491
<b>Natural Gas/Natural Gas Liquids Pipelines 35.0%</b>		
<b>Canada 7.6%</b>		
TransCanada Corporation	561,318	24,344,362
<b>United States 27.4%</b>		
Kinder Morgan, Inc.	820,870	34,057,896
ONEOK, Inc.	492,706	20,654,236
Spectra Energy Corp	958,996	33,727,889
		112,784,383
<b>Oil and Gas Production 12.5%</b>		
<b>United States 12.5%</b>		
Anadarko Petroleum Corporation <sup>(2)</sup>	31,400	2,625,354
Antero Resources Corporation <sup>(2)(3)</sup>	24,100	964,241
Cabot Oil & Gas Corporation <sup>(2)</sup>	115,900	3,935,964
Carrizo Oil & Gas, Inc. <sup>(2)(3)</sup>	14,600	732,336
Chesapeake Energy Corporation <sup>(2)</sup>	48,100	678,691
Cimarex Energy Co. <sup>(2)</sup>	19,500	2,252,445
Concho Resources Inc. <sup>(2)(3)</sup>	26,000	3,127,800
Continental Resources, Inc. <sup>(2)(3)</sup>	42,100	1,918,076
Diamondback Energy, Inc. <sup>(2)(3)</sup>	10,400	809,224
EOG Resources, Inc. <sup>(2)</sup>	53,700	4,762,653
EP Energy Corporation <sup>(3)</sup>	41,200	541,780
Hess Corporation <sup>(2)</sup>	12,400	837,248
Laredo Petroleum, Inc. <sup>(2)(3)</sup>	61,400	836,268
Marathon Oil Corporation <sup>(2)</sup>	112,800	3,067,032
Newfield Exploration Company <sup>(2)(3)</sup>	40,400	1,527,524
Noble Energy, Inc. <sup>(2)</sup>	44,400	1,943,832
Occidental Petroleum Corporation <sup>(2)</sup>	30,100	2,353,519
Pioneer Natural Resources Company <sup>(2)</sup>	27,700	4,094,891
Range Resources Corporation <sup>(2)</sup>	40,500	2,244,105
Whiting Petroleum Corporation <sup>(2)(3)</sup>	28,300	933,617
		40,186,600

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Total Common Stock (Cost \$244,420,507)	291,493,328
--	-------------

**Master Limited Partnerships**

**and Related Companies 37.7%**

**Crude/Refined Products Pipelines 21.9%**

**United States 21.9%**

Buckeye Partners, L.P.	83,000	6,418,390
Enbridge Energy Management, L.L.C. <sup>(4)</sup>	567,213	20,499,090
Genesis Energy L.P.	18,700	909,381
Magellan Midstream Partners, L.P.	105,144	8,382,080
MPLX LP	102,268	7,465,564
Phillips 66 Partners LP	59,100	4,298,934
Plains All American Pipeline, L.P.	194,400	9,127,080
Shell Midstream Partners, L.P.	32,430	1,456,107
Shell Midstream Partners, L.P. <sup>(5)</sup>	23,022	983,270
Sunoco Logistics Partners L.P.	148,800	5,892,480
Tesoro Logistics LP	65,487	3,785,803
Valero Energy Partners LP	23,059	1,180,851
		70,399,030

See accompanying Notes to Financial Statements.

**Tortoise Capital Advisors**

23

**TTP Schedule of Investments** (unaudited) (continued)  
May 31, 2015

	Shares	Fair Value
<b>Natural Gas/Natural Gas Liquids Pipelines 9.0%</b>		
<b>United States 9.0%</b>		
Columbia Pipeline Partners LP	38,484	\$ 1,040,992
Energy Transfer Partners, L.P.	229,793	12,921,260
Enterprise Products Partners L.P.	291,728	9,457,822
EQT GP Holdings, LP	9,156	295,006
EQT Midstream Partners, LP	39,613	3,314,420
ONEOK Partners, L.P.	48,900	1,909,545
		<b>28,939,045</b>
<b>Natural Gas Gathering/Processing 6.8%</b>		
<b>United States 6.8%</b>		
Antero Midstream Partners LP	40,013	1,140,371
DCP Midstream Partners, LP	87,593	3,311,015
EnLink Midstream Partners, LP	55,955	1,388,803
MarkWest Energy Partners, L.P.	87,300	5,642,199
Targa Resources Partners LP	70,000	3,026,100
Western Gas Equity Partners, LP	46,500	2,978,325
Western Gas Partners, LP	66,387	4,547,510
		<b>22,034,323</b>
Total Master Limited Partnerships and Related Companies (Cost \$86,612,459)		121,372,398
<b>Short-Term Investment 0.0%</b>		
<b>United States Investment Company 0.0%</b>		
Fidelity Institutional Money Market Portfolio Class I, 0.10% <sup>(6)</sup> (Cost \$64,929)	64,929	64,929
<b>Total Investments 128.2%</b> <b>(Cost \$331,097,895)</b>		412,930,655
<b>Senior Notes (16.7%)</b>		(54,000,000)
<b>Mandatory Redeemable Preferred Stock at Liquidation Value (5.0%)</b>		(16,000,000)
<b>Total Value of Options Written (Premiums received \$422,743) (0.1%)</b>		(196,578)
<b>Other Assets and Liabilities (6.4%)</b>		(20,519,231)
<b>Total Net Assets Applicable to Common Stockholders 100.0%</b>		<b>\$ 322,214,846</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.

Restricted securities have been fair valued in accordance with procedures approved by the Board of Directors and have a total fair value of \$983,270, which represents 0.3% of net assets. See Note 6 to the financial statements for further disclosure.

(6) Rate indicated is the current yield as of May 31, 2015.

See accompanying Notes to Financial Statements.

2015 2nd Quarter Report | May 31, 2015

**TTP Schedule of Options Written** (unaudited)  
May 31, 2015

Call Options Written	Expiration Date	Strike Price	Contracts	Fair Value
Anadarko Petroleum Corporation	June 2015	\$ 95.00	314	\$ (2,826)
Antero Resources Corporation	June 2015	47.50	241	(3,000)
Cabot Oil & Gas Corporation	June 2015	38.20	1,159	(2,697)
Carrizo Oil & Gas, Inc.	June 2015	57.50	146	(1,825)
Chesapeake Energy Corporation	June 2015	17.00	481	(1,924)
Cimarex Energy Co.	June 2015	125.00	195	(9,750)
Concho Resources Inc.	June 2015	125.00	260	(43,940)
Continental Resources, Inc.	June 2015	50.00	421	(16,840)
Diamondback Energy, Inc.	June 2015	85.00	104	(4,940)
EOG Resources, Inc.	June 2015	97.50	537	(4,833)
Hess Corporation	June 2015	75.00	124	(992)
Laredo Petroleum, Inc.	June 2015	15.00	614	(15,350)
Marathon Oil Corporation	June 2015	30.00	1,128	(5,076)
Newfield Exploration Company	June 2015	38.00	404	(38,380)
Noble Energy, Inc.	June 2015	50.00	444	(5,550)
Occidental Petroleum Corporation	June 2015	80.00	301	(18,060)
Pioneer Natural Resources Company	June 2015	165.00	277	(11,080)
Range Resources Corporation	June 2015	65.00	405	(8,100)
Whiting Petroleum Corporation	June 2015	39.00	283	(1,415)
<b>Total Value of Call Options Written</b> (Premiums received \$422,743)				<b>\$ (196,578)</b>

See accompanying Notes to Financial Statements.

**Tortoise Capital Advisors**

25

**TPZ Schedule of Investments** (unaudited)

May 31, 2015

	Principal Amount	Fair Value
<b>Corporate Bonds 66.0%</b> <sup>(1)</sup>		
<b>Crude/Refined Products Pipelines 5.1%</b> <sup>(1)</sup>		
<b>Canada 2.3%</b> <sup>(1)</sup>		
Gibson Energy Inc., 6.750%, 07/15/2021 <sup>(2)</sup>	\$ 4,500,000	\$ 4,680,000
<b>United States 2.8%</b> <sup>(1)</sup>		
SemGroup Corp., 7.500%, 06/15/2021	5,450,000	5,749,750
		10,429,750
<b>Local Distribution Companies 6.0%</b> <sup>(1)</sup>		
<b>United States 6.0%</b> <sup>(1)</sup>		
CenterPoint Energy, Inc., 6.500%, 05/01/2018 <sup>(3)</sup>	4,000,000	4,523,164
NiSource Finance Corp., 6.400%, 03/15/2018 <sup>(3)</sup>	1,393,000	1,575,001
Source Gas, LLC, 5.900%, 04/01/2017 <sup>(2)(3)</sup>	5,770,000	6,133,781
		12,231,946
<b>Natural Gas/Natural Gas Liquids Pipelines 17.5%</b> <sup>(1)</sup>		
<b>Canada 3.5%</b> <sup>(1)</sup>		
TransCanada Corporation, 5.625%, 05/20/2075	7,000,000	7,122,500
<b>United States 14.0%</b> <sup>(1)</sup>		
Columbia Pipeline Group, Inc., 3.300%, 06/01/2020 <sup>(2)</sup>	2,000,000	2,015,896
Florida Gas Transmission Co., LLC, 5.450%, 07/15/2020 <sup>(2)(3)</sup>	1,500,000	1,677,480
Kinder Morgan, Inc., 6.500%, 09/15/2020 <sup>(3)</sup>	6,000,000	6,945,846
Midcontinent Express Pipeline LLC, 6.700%, 09/15/2019 <sup>(2)</sup>	6,000,000	6,487,500
ONEOK, Inc., 4.250%, 02/01/2022	4,500,000	4,376,560
Ruby Pipeline, LLC, 6.000%, 04/01/2022 <sup>(2)(3)</sup>	1,500,000	1,654,422
Southern Star Central Corp., 5.125%, 07/15/2022 <sup>(2)</sup>	3,000,000	3,135,000
Southern Star Central Gas Pipeline, Inc., 6.000%, 06/01/2016 <sup>(2)(3)</sup>	2,000,000	2,077,412
		35,492,616
<b>Natural Gas Gathering/Processing 4.1%</b> <sup>(1)</sup>		
<b>United States 4.1%</b> <sup>(1)</sup>		
DCP Midstream LLC, 9.750%, 03/15/2019 <sup>(2)(3)</sup>	3,000,000	3,497,430
The Williams Companies, Inc., 7.875%, 09/01/2021	4,000,000	4,893,400
		8,390,830
<b>Oil and Gas Exploration and Production 8.3%</b> <sup>(1)</sup>		
<b>United States 8.3%</b> <sup>(1)</sup>		
Carrizo Oil & Gas, Inc., 7.500%, 09/15/2020	2,000,000	2,117,500
Chesapeake Energy Corporation, 7.250%, 12/15/2018	3,500,000	3,771,250

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Concho Resources Inc., 5.500%, 04/01/2023	2,000,000	2,030,000
EP Energy / EP Finance Inc., 9.375%, 05/01/2020	3,000,000	3,258,750
EQT Corporation, 6.500%, 04/01/2018	2,000,000	2,220,340
EQT Corporation, 8.125%, 06/01/2019	2,000,000	2,382,796
Range Resources Corporation, 5.000%, 03/15/2023	1,000,000	1,000,000
		16,780,636
<b>Oilfield Services 1.8%</b> <b>United States 1.8%</b>		
Pride International, Inc., 8.500%, 06/15/2019 <sup>(3)</sup>	3,000,000	3,574,659
<b>Power/Utility 23.2%</b> <b>United States 23.2%</b>		
The AES Corporation, 5.500%, 04/15/2025	5,000,000	4,912,500
CMS Energy Corp., 8.750%, 06/15/2019	5,185,000	6,448,154
CMS Energy Corp., 5.050%, 03/15/2022	2,000,000	2,231,188
Dominion Resources, Inc., 5.750%, 10/01/2054	4,000,000	4,284,668
Duquesne Light Holdings, Inc., 6.400%, 09/15/2020 <sup>(2)</sup>	3,000,000	3,525,339
Duquesne Light Holdings, Inc., 5.900%, 12/01/2021 <sup>(2)</sup>	2,000,000	2,323,402
Integrus Energy Group, Inc., 6.110%, 12/01/2066 <sup>(3)</sup>	3,750,000	3,562,500
NextEra Energy Capital Holdings, Inc., 6.650%, 06/15/2067	1,029,000	962,115
NRG Energy, Inc., 6.250%, 07/15/2022	6,000,000	6,285,000
NRG Yield Operating LLC, 5.375%, 08/15/2024 <sup>(2)</sup>	2,500,000	2,575,000
NV Energy, Inc., 6.250%, 11/15/2020 <sup>(3)</sup>	1,000,000	1,173,344
PPL Capital Funding, Inc., 6.700%, 03/30/2067 <sup>(3)</sup>	6,000,000	5,515,422
Wisconsin Energy Corp., 6.250%, 05/15/2067	3,450,000	3,324,938
		47,123,570
<b>Total Corporate Bonds</b> <b>(Cost \$126,201,446)</b>		134,024,007

See accompanying Notes to Financial Statements.

2015 2nd Quarter Report | May 31, 2015

**TPZ Schedule of Investments** (unaudited) (continued)  
May 31, 2015

	Shares	Fair Value
<b>Master Limited Partnerships and Related Companies</b> 35.9%		
<b>Crude/Refined Products Pipelines</b> 21.5%		
<b>United States</b> 21.5%		
Buckeye Partners, L.P. <sup>(3)</sup>	46,153	\$ 3,569,011
Enbridge Energy Management, L.L.C. <sup>(3)(4)</sup>	397,576	14,368,408
Genesis Energy, L.P.	11,800	573,834
Holly Energy Partners, L.P.	36,311	1,224,770
Magellan Midstream Partners, L.P.	59,790	4,766,459
MPLX LP	17,726	1,293,998
NuStar Energy L.P. <sup>(3)</sup>	20,684	1,290,888
Phillips 66 Partners LP	15,500	1,127,470
Plains All American Pipeline, L.P.	122,726	5,761,986
Shell Midstream Partners, L.P.	18,024	809,278
Shell Midstream Partners, L.P. <sup>(2)</sup>	13,903	593,797
Sunoco Logistics Partners L.P. <sup>(3)</sup>	124,035	4,911,786
Tesoro Logistics LP	44,417	2,567,747
Valero Energy Partners LP	13,794	706,391
		43,565,823
<b>Natural Gas/Natural Gas Liquids Pipelines</b> 9.1%		
<b>United States</b> 9.1%		
Columbia Pipeline Partners LP	22,959	621,041
Energy Transfer Equity, L.P.	33,384	2,292,479
Energy Transfer Partners, L.P. <sup>(3)</sup>	101,200	5,690,476
Enterprise Products Partners L.P.	164,409	5,330,140
EQT GP Holdings, LP	5,552	178,885
EQT Midstream Partners, LP	24,627	2,060,541
ONEOK Partners, L.P.	61,203	2,389,977
		18,563,539
<b>Natural Gas Gathering/Processing</b> 5.3%		
<b>United States</b> 5.3%		
Antero Midstream Partners LP	22,434	639,369
DCP Midstream Partners, LP	52,040	1,967,112
EnLink Midstream Partners, LP	22,400	555,968
MarkWest Energy Partners, L.P.	56,700	3,664,521
Targa Resources Partners LP	86,500	3,739,395
Western Gas Partners, LP	3,452	236,462
		10,802,827
Total Master Limited Partnerships and Related Companies (Cost \$32,949,668)		72,932,189
<b>Common Stock</b> 22.2%		
<b>Natural Gas/Natural Gas Liquids Pipelines</b> 7.6%		
<b>Canada</b> 0.2%		
TransCanada Corporation	10,699	464,016
<b>United States</b> 7.4%		
Kinder Morgan, Inc. <sup>(3)</sup>	259,032	10,747,238
ONEOK, Inc.	37,024	1,552,046
Spectra Energy Corp	78,095	2,746,601
		15,509,901
<b>Power/Utility</b> 12.9%		
<b>United Kingdom</b> 0.9%		
Abengoa Yield plc	45,900	1,764,396
<b>United States</b> 12.0%		
InfraREIT, Inc.	184,668	5,595,440

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

NextEra Energy Partners, LP	79,127	3,738,751
NRG Yield, Inc.	189,853	5,139,321
TerraForm Power, Inc. <sup>(5)</sup>	247,822	9,945,097
		26,183,005
<b>Natural Gas Gathering/Processing 1.7%</b>		
<b>United States 1.7%</b>		
The Williams Companies, Inc.	66,513	3,398,814
Total Common Stock (Cost \$32,226,988)		45,091,720
<b>Short-Term Investment 0.0%</b>		
<b>United States Investment Company 0.0%</b>		
Fidelity Institutional Money Market Portfolio		
Class I, 0.10% <sup>(6)</sup> (Cost \$33,299)	33,299	33,299
<b>Total Investments 124.1%</b>		
<b>(Cost \$191,411,401)</b>		252,081,215
<b>Interest Rate Swap Contracts (0.2%)</b>		
\$26,000,000 notional unrealized depreciation <sup>(7)</sup>		(376,027)
<b>Other Assets and Liabilities (23.9%)</b>		(48,497,335)
<b>Total Net Assets Applicable to</b>		
<b>Common Stockholders 100.0%</b>		\$ 203,207,853

(1) Calculated as a percentage of net assets applicable to common stockholders.

(2) Restricted securities have been valued in accordance with fair value procedures, as more fully described in Note 2 to the financial statements and have a total fair value of \$40,376,459, which represents 19.9% of net assets. See Note 6 to the financial statements for further disclosure.

(3) All or a portion of the security is segregated as collateral for the margin borrowing facility. See Note 10 to the financial statements for further disclosure.

(4) Security distributions are paid-in-kind.

(5) A portion of the security is segregated as collateral for the unrealized depreciation of interest rate swap contracts of \$376,027.

(6) Rate indicated is the current yield as of May 31, 2015.

(7) See Note 11 to the financial statements for further disclosure.

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

27

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

May 31, 2015

	<b>Tortoise Energy Independence Fund, Inc.</b>	<b>Tortoise Energy Infrastructure Corp.</b>
<b>Assets</b>		
Investments at fair value <sup>(1)</sup>	\$ 376,440,853	\$ 4,093,065,580
Receivable for Adviser fee waiver	65,278	
Receivable for investments sold		59,129
Dividends, distributions and interest receivable from investments	302,818	
Current tax asset		3,102,072
Prepaid expenses and other assets	46,860	6,288,761
<b>Total assets</b>	<b>376,855,809</b>	<b>4,102,515,542</b>
<b>Liabilities</b>		
Call options written, at fair value <sup>(2)</sup>	927,072	
Payable to Adviser	718,055	6,388,547
Accrued directors' fees and expenses	6,315	3,144
Payable for investments purchased		639,585
Accrued expenses and other liabilities	119,560	9,547,704
Unrealized depreciation of interest rate swap contracts		526,491
Deferred tax liability		912,033,959
Credit facility borrowings	61,400,000	160,700,000
Senior notes		545,000,000
Mandatory redeemable preferred stock		295,000,000
<b>Total liabilities</b>	<b>63,171,002</b>	<b>1,929,839,430</b>
<b>Net assets applicable to common stockholders</b>	<b>\$ 313,684,807</b>	<b>\$ 2,172,676,112</b>
<b>Net Assets Applicable to Common Stockholders Consist of:</b>		
Capital stock, \$0.001 par value per share	\$ 14,516	\$ 48,017
Additional paid-in capital	332,208,488	1,133,031,164
Accumulated net investment loss, net of income taxes		(154,735,015)
Undistributed (accumulated) net realized gain (loss), net of income taxes	(16,982,393)	632,767,104
Net unrealized appreciation (depreciation), net of income taxes	(1,555,804)	561,564,842
<b>Net assets applicable to common stockholders</b>	<b>\$ 313,684,807</b>	<b>\$ 2,172,676,112</b>
<b>Capital shares:</b>		
Authorized	100,000,000	100,000,000
Outstanding	14,516,071	48,016,591
Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding)	\$ 21.61	\$ 45.25
(1) Investments at cost	\$ 378,917,903	\$ 2,334,640,559
(2) Call options written, premiums received	\$ 1,848,992	\$

See accompanying Notes to Financial Statements.

2015 2nd Quarter Report | May 31, 2015

<b>Tortoise MLP Fund, Inc.</b>	<b>Tortoise Pipeline &amp; Energy Fund, Inc.</b>	<b>Tortoise Power and Energy Infrastructure Fund, Inc.</b>
\$ 2,091,262,282	\$ 412,930,655	\$ 252,081,215
176,321	70,893	
257,957	3,649,592	
	585,971	2,352,313
1,000		
1,264,194	351,841	73,362
2,092,961,754	417,588,952	254,506,890
	196,578	
3,350,097	779,817	403,107
3,909	6,022	6,370
323,844	3,822,639	
3,330,514	669,050	113,533
		376,027
304,434,385		
74,700,000	19,900,000	50,400,000
348,000,000	54,000,000	
90,000,000	16,000,000	
824,142,749	95,374,106	51,299,037
\$ 1,268,819,005	\$ 322,214,846	\$ 203,207,853
\$ 47,000	\$ 10,016	\$ 6,951
757,945,950	235,099,790	129,482,470
(86,286,179)		
196,653,709	5,050,932	13,424,585
400,458,525	82,054,108	60,293,847
\$ 1,268,819,005	\$ 322,214,846	\$ 203,207,853
100,000,000	100,000,000	100,000,000
47,000,211	10,016,413	6,951,333
\$ 27.00	\$ 32.17	\$ 29.23
\$ 1,460,793,071	\$ 331,097,895	\$ 191,411,401
\$	\$ 422,743	\$

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

29

**Statements of Operations** (unaudited)

Period from December 1, 2014 through May 31, 2015

	<b>Tortoise Energy Independence Fund, Inc.</b>	<b>Tortoise Energy Infrastructure Corp.</b>
<b>Investment Income</b>		
Distributions from master limited partnerships	\$ 1,907,105	\$ 103,366,831
Dividends and distributions from common stock	1,934,667	268,031
Less return of capital on distributions	(2,093,902)	(86,191,651)
Less foreign taxes withheld	(114,094)	
Net dividends and distributions from investments	1,633,776	17,443,211
Interest from corporate bonds		
Dividends from money market mutual funds	75	55
<b>Total Investment Income</b>	<b>1,633,851</b>	<b>17,443,266</b>
<b>Operating Expenses</b>		
Advisory fees	2,091,097	18,894,427
Administrator fees	76,499	289,721
Directors' fees	55,491	151,966
Professional fees	71,629	146,050
Stockholder communication expenses	36,208	121,024
Custodian fees and expenses	11,790	84,269
Fund accounting fees	27,148	55,134
Registration fees	12,198	38,299
Franchise fees		26,047
Stock transfer agent fees	6,381	12,054
Other operating expenses	22,614	79,550
<b>Total Operating Expenses</b>	<b>2,411,055</b>	<b>19,898,541</b>
<b>Leverage Expenses</b>		
Interest expense	289,061	11,245,560
Distributions to mandatory redeemable preferred stockholders		6,062,808
Amortization of debt issuance costs		449,324
Other leverage expenses		235,989
<b>Total Leverage Expenses</b>	<b>289,061</b>	<b>17,993,681</b>
<b>Total Expenses</b>	<b>2,700,116</b>	<b>37,892,222</b>
Less fees waived by Adviser	(206,048)	
<b>Net Expenses</b>	<b>2,494,068</b>	<b>37,892,222</b>
<b>Net Investment Income (Loss), before Income Taxes</b>	<b>(860,217)</b>	<b>(20,448,956)</b>
Deferred tax benefit		5,241,447
<b>Net Investment Income (Loss)</b>	<b>(860,217)</b>	<b>(15,207,509)</b>
<b>Realized and Unrealized Gain (Loss) on Investments and Interest Rate Swaps</b>		
Net realized gain (loss) on investments	(14,119,417)	201,656,910
Net realized gain on options	339,738	
Net realized loss on interest rate swap settlements		(182,193)
Net realized loss on termination of interest rate swap contracts		(4,690,062)
Net realized loss on foreign currency and translation of other assets and liabilities denominated in foreign currency	(7,365)	
Net realized gain (loss), before income taxes	(13,787,044)	196,784,655
Current tax expense		(8,792,958)
Deferred tax expense		(64,438,759)
Income tax expense		(73,231,717)
Net realized gain (loss)	(13,787,044)	123,552,938
Net unrealized appreciation (depreciation) of investments	10,883,668	(389,298,799)
Net unrealized depreciation of options	(308,528)	
Net unrealized appreciation (depreciation) of interest rate swap contracts		2,212,315
Net unrealized appreciation (depreciation) of other assets and liabilities due to foreign currency translation	872	
Net unrealized appreciation (depreciation), before income taxes	10,576,012	(387,086,484)

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Deferred tax benefit		144,050,905
Net unrealized appreciation (depreciation)	10,576,012	(243,035,579)
<b>Net Realized and Unrealized Loss</b>	<b>(3,211,032)</b>	<b>(119,482,641)</b>
<b>Net Increase (Decrease) in Net Assets Applicable to Common Stockholders Resulting from Operations</b>	<b>\$ (4,071,249)</b>	<b>\$ (134,690,150)</b>

See accompanying Notes to Financial Statements.

30

Tortoise Capital Advisors

Tortoise MLP Fund, Inc.	Tortoise Pipeline & Energy Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
\$ 56,787,194	\$ 2,554,565	\$ 1,494,561
411,718	5,282,554	785,657
(46,036,209)	(2,618,745)	(980,425)
11,162,703	(146,985)	(3,231)
	5,071,389	1,296,562
		3,837,291
46	70	58
11,162,749	5,071,459	5,133,911
10,038,287	2,289,200	1,185,047
240,091	83,703	52,506
106,757	55,491	42,787
106,815	73,416	78,526
80,613	47,064	53,411
44,660	12,611	6,185
43,767	27,386	12,629
22,802	12,196	12,341
9,501		
6,382	6,381	8,364
51,386	22,410	14,100
10,751,061	2,629,858	1,465,896
6,139,409	860,060	234,525
1,868,501	343,201	
189,375	40,026	
120,502	39,122	
8,317,787	1,282,409	234,525
19,068,848	3,912,267	1,700,421
(620,091)	(225,985)	(10,433)
18,448,757	3,686,282	1,689,988
(7,286,008)	1,385,177	3,443,923
1,977,164		
(5,308,844)	1,385,177	3,443,923
73,197,786	8,029,122	11,360,809
	232,005	
		(187,569)
	(13,378)	(411)
73,197,786	8,247,749	11,172,829
(27,148,148)		
(27,148,148)		
46,049,638	8,247,749	11,172,829
(213,209,720)	(27,752,350)	(13,273,093)
	(119,922)	
		(20,315)
	(3,515)	
(213,209,720)	(27,875,787)	(13,293,408)
79,076,833		
(134,132,887)	(27,875,787)	(13,293,408)
(88,083,249)	(19,628,038)	(2,120,579)

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

\$ (93,392,093)      \$ (18,242,861)      \$ 1,323,344

See accompanying Notes to Financial Statements.

**Tortoise Capital Advisors**

31

---

## Statements of Changes in Net Assets

	Tortoise Energy Independence Fund, Inc.		Tortoise Energy Infrastructure Corp.	
	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014
<b>Operations</b>				
Net investment income (loss)	\$ (860,217)	\$ (1,814,024)	\$ (15,207,509)	\$ (24,421,479)
Net realized gain (loss)	(13,787,044)	40,537,273	123,552,938	159,101,397
Net unrealized appreciation (depreciation)	10,576,012	(67,333,166)	(243,035,579)	98,922,717
Net increase (decrease) in net assets applicable to common stockholders resulting from operations	(4,071,249)	(28,609,917)	(134,690,150)	233,602,635
<b>Distributions to Common Stockholders</b>				
Net investment income	(1,910,047)	(59,272)		
Net realized gain		(24,061,484)		
Return of capital	(10,791,515)	(1,282,368)	(61,701,319)	(92,193,217)
Total distributions to common stockholders	(12,701,562)	(25,403,124)	(61,701,319)	(92,193,217)
<b>Capital Stock Transactions</b>				
Proceeds from shelf offerings of common shares				4,178,193
Issuance of common shares in connection with the mergers with Tortoise Energy Capital Corporation ( TYY ) and Tortoise North American Energy Corporation ( TYN )				976,938,241
Redemption of common shares from fractional shares issued during mergers				(105,111)
Underwriting discounts and offering expenses associated with the issuance of common stock				(234,958)
Issuance of common shares from reinvestment of distributions to stockholders				1,120,731
Net increase in net assets applicable to common stockholders from capital stock transactions				981,897,096
Total increase (decrease) in net assets applicable to common stockholders	(16,772,811)	(54,013,041)	(196,391,469)	1,123,306,514
<b>Net Assets</b>				
Beginning of period	330,457,618	384,470,659	2,369,067,581	1,245,761,067
End of period	\$ 313,684,807	\$ 330,457,618	\$ 2,172,676,112	\$ 2,369,067,581
Undistributed (accumulated) net investment income (loss), net of income taxes, end of period	\$	\$ 2,770,264	\$ (154,735,015)	\$ (139,527,506)
<b>Transactions in common shares</b>				
Shares outstanding at beginning of period	14,516,071	14,516,071	48,016,591	28,732,841
Shares issued through mergers with TYY and TYN				19,174,190
Redemption of fractional shares issued through mergers				(2,063)
Shares sold through shelf offerings				86,387
Shares issued through reinvestment of distributions				25,236
Shares outstanding at end of period	14,516,071	14,516,071	48,016,591	48,016,591

See accompanying Notes to Financial Statements.



Tortoise MLP Fund, Inc.		Tortoise Pipeline & Energy Fund, Inc.		Tortoise Power and Energy Infrastructure Fund, Inc.	
Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014
\$ (5,308,844)	\$ (25,445,655)	\$ 1,385,177	\$ 759,309	\$ 3,443,923	\$ 5,606,534
46,049,638	72,738,518	8,247,749	21,934,836	11,172,829	13,767,025
(134,132,887)	117,963,056	(27,875,787)	40,810,490	(13,293,408)	11,617,368
(93,392,093)	165,255,919	(18,242,861)	63,504,635	1,323,344	30,990,927
		(6,753,195)	(216,175)	(7,362,913)	(6,289,617)
		(3,764,038)	(16,110,578)	(6,800,429)	(4,137,383)
(39,715,179)	(79,195,356)				
(39,715,179)	(79,195,356)	(10,517,233)	(16,326,753)	(14,163,342)	(10,427,000)
(133,107,272)	86,060,563	(28,760,094)	47,177,882	(12,839,998)	20,563,927
1,401,926,277	1,315,865,714	350,974,940	303,797,058	216,047,851	195,483,924
\$ 1,268,819,005	\$ 1,401,926,277	\$ 322,214,846	\$ 350,974,940	\$ 203,207,853	\$ 216,047,851
\$ (86,286,179)	\$ (80,977,335)	\$	\$ 5,368,018	\$	\$ 3,918,990
47,000,211	47,000,211	10,016,413	10,016,413	6,951,333	6,951,333
47,000,211	47,000,211	10,016,413	10,016,413	6,951,333	6,951,333

See accompanying Notes to Financial Statements.

**Tortoise Capital Advisors**

**Statements of Cash Flows** (unaudited)

Period from December 1, 2014 through May 31, 2015

	Tortoise Energy Independence Fund, Inc.	Tortoise Energy Infrastructure Corp.
<b>Cash Flows From Operating Activities</b>		
Dividends, distributions and interest received from investments	\$ 3,918,515	\$ 103,634,915
Purchases of long-term investments	(44,292,861)	(338,245,111)
Proceeds from sales of long-term investments	49,625,227	330,353,528
Proceeds from sales (purchases) of short-term investments, net	265,439	77,481
Call options written, net	588,464	
Payments on interest rate swap contracts, net		(4,872,255)
Interest received on securities sold, net		
Interest expense paid	(290,032)	(11,626,939)
Distributions to mandatory redeemable preferred stockholders		(2,737,542)
Other leverage expenses paid		(1,465)
Income taxes paid		(62,545,548)
Operating expenses paid	(2,313,190)	(20,615,131)
Net cash provided by (used in) operating activities	7,501,562	(6,578,067)
<b>Cash Flows From Financing Activities</b>		
Advances from revolving credit facilities	37,000,000	388,900,000
Repayments on revolving credit facilities	(31,800,000)	(391,000,000)
Issuance of mandatory redeemable preferred stock		71,000,000
Issuance of senior notes		150,000,000
Maturity of senior notes		(149,400,000)
Debt issuance costs		(1,153,504)
Common stock issuance costs		(67,110)
Distributions paid to common stockholders	(12,701,562)	(61,701,319)
Net cash provided by (used in) financing activities	(7,501,562)	6,578,067
Net change in cash		
Cash beginning of period		
Cash end of period	\$	\$

See accompanying Notes to Financial Statements.

Tortoise MLP Fund, Inc.	Tortoise Pipeline & Energy Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
\$ 57,198,952	\$ 7,721,208	\$ 6,406,933
(227,596,400)	(41,817,130)	(33,072,248)
223,249,458	49,136,932	34,668,516
54,066	(2,897)	13,011
	294,231	
		(187,569)
(6,118,440)	(828,468)	63,448
(1,868,500)	(343,200)	(234,613)
(582,000)		
(10,421,957)	(2,486,728)	(1,494,136)
33,915,179	11,673,948	6,163,342
119,800,000	38,000,000	30,700,000
(114,000,000)	(44,100,000)	(22,700,000)
	22,000,000	
	(17,000,000)	
	(56,715)	
(39,715,179)	(10,517,233)	(14,163,342)
(33,915,179)	(11,673,948)	(6,163,342)
\$	\$	\$

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

35

**Statements of Cash Flows** (unaudited) (continued)  
 Period from December 1, 2014 through May 31, 2015

	Tortoise Energy Independence Fund, Inc.	Tortoise Energy Infrastructure Corp.
<b>Reconciliation of net increase (decrease) in net assets applicable to common stockholders resulting from operations to net cash provided by (used in) operating activities</b>		
Net increase (decrease) in net assets applicable to common stockholders resulting from operations	\$ (4,071,249)	\$ (134,690,150)
Adjustments to reconcile net increase (decrease) in net assets applicable to common stockholders resulting from operations to net cash provided by (used in) operating activities:		
Purchases of long-term investments	(32,200,174)	(327,478,016)
Proceeds from sales of long-term investments	43,073,425	318,835,519
Proceeds from sales (purchases) of short-term investments, net	265,439	77,481
Call options written, net	588,464	
Return of capital on distributions received	2,093,902	86,191,651
Deferred tax benefit		(84,853,593)
Net unrealized (appreciation) depreciation	(10,576,012)	387,086,484
Amortization of market premium, net		
Net realized (gain) loss	13,787,044	(201,656,910)
Amortization of debt issuance costs		449,324
Changes in operating assets and liabilities:		
Decrease in dividends, distributions and interest receivable from investments	190,762	
Increase in current tax asset		(3,102,072)
(Increase) decrease in receivable for investments sold	6,551,802	11,518,009
Decrease in receivable for call options written		
(Increase) decrease in prepaid expenses and other assets	(35,115)	87,060
Increase (decrease) in payable for investments purchased	(12,092,687)	(10,767,095)
Increase (decrease) in payable to Adviser, net of fees waived	(41,567)	(350,546)
Decrease in current tax liability		(50,650,518)
Increase (decrease) in accrued expenses and other liabilities	(32,472)	2,725,305
Total adjustments	11,572,811	128,112,083
Net cash provided by (used in) operating activities	\$ 7,501,562	\$ (6,578,067)

See accompanying Notes to Financial Statements.

Tortoise MLP Fund, Inc.	Tortoise Pipeline & Energy Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
\$ (93,392,093)	\$ (18,242,861)	\$ 1,323,344
(218,913,367)	(45,639,769)	(33,072,248)
214,363,020	52,368,159	34,668,516
54,066	(2,897)	13,011
	217,392	
46,036,209	2,618,745	980,425
(53,905,849)		
213,209,720	27,875,787	13,293,408
		308,851
(73,197,786)	(8,247,749)	(11,360,398)
189,375	40,026	
	31,004	47,194
(1,000)		
8,886,438	(3,231,227)	
	76,839	
39,154	3,360	(26,217)
(8,683,033)	3,822,639	
(139,763)	(18,508)	16,357
(581,000)		
(48,912)	3,008	(28,901)
127,307,272	29,916,809	4,839,998
\$ 33,915,179	\$ 11,673,948	\$ 6,163,342

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

37

## NDP Financial Highlights

	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Year Ended November 30, 2013	Period from July 31, 2012 through November 30, 2012
<b>Per Common Share Data<sup>(2)</sup></b>				
Net Asset Value, beginning of period	\$ 22.76	\$ 26.49	\$ 22.73	\$ 22.73
Public offering price				22.73
Income (Loss) from Investment Operations				
Net investment income (loss) <sup>(3)</sup>	(0.06)	(0.12)	0.01	(0.06)
Net realized and unrealized gain (loss) <sup>(3)</sup>	(0.22)	(1.86)	5.50	(0.22)
Total income (loss) from investment operations	(0.28)	(1.98)	5.51	(0.28)
Distributions to Common Stockholders				
Net investment income <sup>(4)</sup>	(0.13)	(0.00)	(0.27)	(0.13)
Net realized gain		(1.66)	(1.42)	
Return of capital	(0.74)	(0.09)	(0.06)	(0.74)
Total distributions to common stockholders	(0.87)	(1.75)	(1.75)	(0.87)
Underwriting discounts and offering costs on issuance of common stock <sup>(5)</sup>				
Net Asset Value, end of period	\$21.61	\$22.76	\$26.49	\$22.73
Per common share market value, end of period	\$ 19.47	\$ 21.29	\$ 24.08	\$ 22.73
Total Investment Return Based on Market Value <sup>(6)(7)</sup>	(4.57)%	(5.16)%	15.83%	(8.16)%
<b>Supplemental Data and Ratios</b>				
Net assets applicable to common stockholders, end of period (000 s)	\$ 313,685	\$ 330,458	\$ 384,471	\$ 329,000
Average net assets (000 s)	\$ 322,669	\$ 413,380	\$ 366,900	\$ 334,000
Ratio of Expenses to Average Net Assets <sup>(8)</sup>				
Advisory fees	1.30%	1.25%	1.25%	1.30%
Other operating expenses	0.20	0.16	0.16	0.20
Total operating expenses, before fee waiver	1.50	1.41	1.41	1.50
Fee waiver	(0.13)	(0.17)	(0.17)	(0.13)
Total operating expenses	1.37	1.24	1.24	1.37
Leverage expenses	0.18	0.14	0.16	0.18
Total expenses	1.55%	1.38%	1.40%	1.55%

See accompanying Notes to Financial Statements.

2015 2nd Quarter Report | May 31, 2015

	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Year Ended November 30, 2013	Period from July 31, 2012 <sup>(1)</sup> through November 30, 2012
Ratio of net investment income (loss) to average net assets before fee waiver <sup>(8)</sup>	(0.66)%	(0.61)%	(0.13)%	0.38%
Ratio of net investment income (loss) to average net assets after fee waiver <sup>(8)</sup>	(0.53)%	(0.44)%	0.04%	0.54%
Portfolio turnover rate <sup>(6)</sup>	8.35%	43.21%	45.56%	15.68%
Credit facility borrowings, end of period (000 s)	\$ 61,400	\$ 56,200	\$ 56,300	\$ 49,000
Asset coverage, per \$1,000 of principal amount of credit facility borrowings <sup>(9)</sup>	\$ 6,109	\$ 6,880	\$ 7,829	\$ 7,728
Asset coverage ratio of credit facility borrowings <sup>(9)</sup>	611%	688%	783%	773%

(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, 2014 and 2013 and the period from July 31, 2012 through November 30, 2012 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.

(4) Less than \$0.01 for the year ended November 30, 2014.

(5) Represents the dilution per common share from underwriting and other offering costs for the period from July 31, 2012 through November 30, 2012.

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

(7) 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 NDP's dividend reinvestment plan.

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

(9) Represents value of total assets less all liabilities and indebtedness not represented by credit facility borrowings at the end of the period divided by credit facility borrowings outstanding at the end of the period.

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

39

## TYG Financial Highlights

	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012	Year Ended November 30, 2011	Year Ended November 30, 2010
<b>Per Common Share Data<sup>(1)</sup></b>						
Net Asset Value, beginning of period	\$ 49.34	\$ 43.36	\$ 36.06	\$ 33.37	\$ 32.91	\$ 29.91
Income (Loss) from Investment Operations						
Net investment loss <sup>(2)</sup>	(0.32)	(0.66)	(0.73)	(0.64)	(0.77)	(0.80)
Net realized and unrealized gain (loss) on investments and interest rate swap contracts <sup>(2)</sup>	(2.48)	9.01	10.27	5.51	3.35	10.00
Total income (loss) from investment operations	(2.80)	8.35	9.54	4.87	2.58	9.20
Distributions to Auction Preferred Stockholders						
Return of capital						(0.01)
Distributions to Common Stockholders						
Return of capital	(1.29)	(2.38)	(2.29)	(2.25)	(2.20)	(2.16)
Capital Stock Transactions						
Premiums less underwriting discounts and offering costs on issuance of common stock <sup>(3)</sup>		0.01	0.05	0.07	0.08	0.11
Net Asset Value, end of period	\$ 45.25	\$ 49.34	\$ 43.36	\$ 36.06	\$ 33.37	\$ 32.91
Per common share market value, end of period	\$ 42.02	\$ 46.10	\$ 49.76	\$ 39.17	\$ 39.35	\$ 36.00
Total Investment Return Based on Market Value <sup>(4)(5)</sup>	(6.09)%	(2.54)%	33.77%	5.62%	15.25%	31.00%
<b>Supplemental Data and Ratios</b>						
Net assets applicable to common stockholders, end of period (000 s)	\$ 2,172,676	\$ 2,369,068	\$ 1,245,761	\$ 1,020,421	\$ 925,419	\$ 890,000
Average net assets (000 s)	\$ 2,212,766	\$ 1,837,590	\$ 1,167,339	\$ 989,745	\$ 912,567	\$ 782,000
Ratio of Expenses to Average Net Assets <sup>(6)</sup>						
Advisory fees	1.71%	1.65%	1.61%	1.60%	1.57%	1.55%
Other operating expenses	0.09	0.13	0.12	0.13	0.16	0.16
Total operating expenses, before fee waiver	1.80	1.78	1.73	1.73	1.73	1.71
Fee waiver <sup>(7)</sup>		(0.00)	(0.00)	(0.01)	(0.01)	
Total operating expenses	1.80	1.78	1.73	1.72	1.72	1.71
Leverage expense <sup>(8)</sup>	1.63	1.38	1.59	1.67	1.75	2.00
Income tax expense (benefit) <sup>(9)</sup>	(6.89)	7.81	14.05	8.37	4.63	17.00
Total expenses	(3.46)%	10.97%	17.37%	11.76%	8.10%	27.00%

See accompanying Notes to Financial Statements.

	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012	Year Ended November 30, 2011	Year E Novem
Ratio of net investment loss to average net assets before fee waiver <sup>(6)(8)</sup>	(1.38)%	(1.33)%	(1.78)%	(1.82)%	(2.32)%	
Ratio of net investment loss to average net assets after fee waiver <sup>(6)(8)</sup>	(1.38)%	(1.33)%	(1.78)%	(1.81)%	(2.31)%	
Portfolio turnover rate <sup>(4)</sup>	7.64 %	15.33 %	13.40 %	12.86 %	17.70 %	
Credit facility borrowings, end of period (000 s)	\$ 160,700	\$ 162,800	\$ 27,600	\$ 63,400	\$ 47,900	\$
Senior notes, end of period (000 s)	\$ 545,000	\$ 544,400	\$ 300,000	\$ 194,975	\$ 194,975	\$
Preferred stock, end of period (000 s)	\$ 295,000	\$ 224,000	\$ 80,000	\$ 73,000	\$ 73,000	\$
Per common share amount of senior notes outstanding, end of period	\$ 11.35	\$ 11.34	\$ 10.44	\$ 6.89	\$ 7.03	\$
Per common share amount of net assets, excluding senior notes, end of period	\$ 56.60	\$ 60.68	\$ 53.80	\$ 42.95	\$ 40.40	\$
Asset coverage, per \$1,000 of principal amount of senior notes and credit facility borrowings <sup>(10)</sup>	\$ 4,497	\$ 4,667	\$ 5,047	\$ 5,232	\$ 5,111	\$
Asset coverage ratio of senior notes and credit facility borrowings <sup>(10)</sup>	450 %	421 %	505 %	523 %	511 %	
Asset coverage, per \$10 liquidation value per share of mandatory redeemable preferred stock <sup>(11)</sup>	\$ 32	\$ 35	\$ 41	\$ 41	\$ 39	\$
Asset coverage ratio of preferred stock <sup>(11)</sup>	317 %	354 %	406 %	408 %	393 %	

- (1) Information presented relates to a share of common stock outstanding for the entire period.
- (2) The per common share data for the years ended November 30, 2014, 2013, 2012, 2011 and 2010 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.
- (3) Represents the premium on the shelf offerings of \$0.02 per share, less the underwriting and offering costs of \$0.01 per share for the year ended November 30, 2014. Represents the premium on the shelf offerings of \$0.06 per share, less the underwriting and offering costs of \$0.01 per share for the year ended November 30, 2013. Represents the premium on the shelf offerings of \$0.08 per share, less the underwriting and offering costs of \$0.01 per share for the year ended November 30, 2012. Represents the premium on the shelf offerings of \$0.09 per share, less the underwriting and offering costs of \$0.01 per share for the year ended November 30, 2011. Represents the premium on the shelf offerings of \$0.25 per share, less the underwriting and offering costs of \$0.14 per share for the year ended November 30, 2010.
- (4) Not annualized for periods less than one full year.
- (5) Total investment return is calculated assuming a purchase of common stock at the beginning of the period 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 TYG's dividend reinvestment plan.
- (6) Annualized for periods less than one full year.
- (7) Less than 0.01% for the years ended November 30, 2014 and 2013.
- (8) The expense ratios and net investment loss ratios do not reflect the effect of distributions to auction preferred stockholders.
- (9) For the period from December 1, 2014 through May 31, 2015, TYG accrued \$8,792,958 for current income tax expense and \$84,853,593 for net deferred income tax benefit. For the year ended November 30, 2014, TYG accrued \$52,981,532 for current income tax expense and \$90,477,388 for net deferred income tax expense. For the year ended November 30, 2013, TYG accrued \$23,290,478 for net current income tax expense and \$140,745,675 for net deferred income tax expense. For the year ended November 30, 2012, TYG accrued \$16,189,126 for current income tax expense and \$66,613,182 for net deferred income tax expense. For the year ended November 30, 2011, TYG accrued \$8,950,455 for current income tax expense and \$33,248,897 for net deferred income tax expense. For the year ended November 30, 2010, TYG accrued \$984,330 for current income tax expense and \$139,019,876 for net deferred income tax expense.
- (10) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the period divided by senior notes and credit facility borrowings outstanding at the end of the period.
- (11) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the period divided by senior notes, credit facility borrowings and preferred stock outstanding at the end of the period.

See accompanying Notes to Financial Statements.



## NTG Financial Highlights

	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012	Year Ended November 30, 2011
<b>Per Common Share Data<sup>(2)</sup></b>					
Net Asset Value, beginning of period	\$ 29.83	\$ 28.00	\$ 24.50	\$ 24.54	\$ 24.91
Public offering price					
Income (Loss) from Investment Operations					
Net investment loss <sup>(3)</sup>	(0.11)	(0.54)	(0.42)	(0.40)	(0.34)
Net realized and unrealized gain (loss) on investments <sup>(3)</sup>	(1.87)	4.06	5.59	2.02	1.61
Total income (loss) from investment operations	(1.98)	3.52	5.17	1.62	1.27
Distributions to Common Stockholders					
Return of capital	(0.85)	(1.69)	(1.67)	(1.66)	(1.64)
Capital stock transactions					
Underwriting discounts and offering costs on issuance of common stock <sup>(4)</sup>					
Premiums less underwriting discounts and offering costs on issuance of common stock <sup>(5)</sup>			0.00	0.00	
Total capital stock transactions			0.00	0.00	
Net Asset Value, end of period	\$ 27.00	\$ 29.83	\$ 28.00	\$ 24.50	\$ 24.54
Per common share market value, end of period	\$ 24.26	\$ 27.97	\$ 27.22	\$ 24.91	\$ 24.84
Total Investment Return Based on Market Value <sup>(6)(7)</sup>	(10.20)%	9.08 %	16.27 %	7.14 %	9.88 %
<b>Supplemental Data and Ratios</b>					
Net assets applicable to common stockholders, end of period (000 s)	\$ 1,268,819	\$ 1,401,926	\$ 1,315,866	\$ 1,140,635	\$ 1,127,592
Average net assets (000 s)	\$ 1,301,062	\$ 1,404,751	\$ 1,274,638	\$ 1,157,421	\$ 1,140,951
Ratio of Expenses to Average Net Assets <sup>(8)</sup>					
Advisory fees	1.55 %	1.48 %	1.38 %	1.34 %	1.30 %
Other operating expenses	0.11	0.10	0.10	0.10	0.13
Total operating expenses, before fee waiver	1.66	1.58	1.48	1.44	1.43
Fee waiver	(0.10)	(0.16)	(0.23)	(0.28)	(0.32)
Total operating expenses	1.56	1.42	1.25	1.16	1.11
Leverage expenses	1.28	1.09	1.08	1.20	1.22
Income tax expense (benefit) <sup>(9)</sup>	(8.31)	7.04	11.09	3.86	3.11
Total expenses	(5.47)%	9.55 %	13.42 %	6.22 %	5.44 %

See accompanying Notes to Financial Statements.

	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012	Year Ended November 30, 2011	Period from July 30, 2010 <sup>(1)</sup> through November 30, 2010
Ratio of net investment loss to average net assets before fee waiver <sup>(8)</sup>	(0.92)%	(1.97)%	(1.76)%	(1.88)%	(1.69)%	(0.79)%
Ratio of net investment loss to average net assets after fee waiver <sup>(8)</sup>	(0.82)%	(1.81)%	(1.53)%	(1.60)%	(1.37)%	(0.51)%
Portfolio turnover rate <sup>(6)</sup>	9.98 %	18.09 %	13.42 %	15.14 %	19.57 %	1.24 %
Credit facility borrowings, end of period (000 s)	\$ 74,700	\$ 68,900	\$ 27,200	\$ 23,900	\$ 10,100	\$ 30,700
Senior notes, end of period (000 s)	\$ 348,000	\$ 348,000	\$ 255,000	\$ 255,000	\$ 255,000	\$ 230,000
Preferred stock, end of period (000 s)	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
Per common share amount of senior notes outstanding, end of period	\$ 7.40	\$ 7.40	\$ 5.43	\$ 5.48	\$ 5.55	\$ 5.07
Per common share amount of net assets, excluding senior notes, end of period	\$ 34.40	\$ 37.23	\$ 33.43	\$ 29.98	\$ 30.09	\$ 29.98
Asset coverage, per \$1,000 of principal amount of senior notes and credit facility borrowings <sup>(10)</sup>	\$ 4,215	\$ 4,579	\$ 5,982	\$ 5,412	\$ 5,593	\$ 5,684
Asset coverage ratio of senior notes and credit facility borrowings <sup>(10)</sup>	421 %	458 %	598 %	541 %	559 %	568 %
Asset coverage, per \$25 liquidation value per share of mandatory redeemable preferred stock <sup>(11)</sup>	\$ 87	\$ 94	\$ 113	\$ 102	\$ 104	\$ 106
Asset coverage ratio of preferred stock <sup>(11)</sup>	347 %	377 %	454 %	409 %	418 %	423 %

- (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, 2014, 2013, 2012 and 2011 and the period from July 30, 2010 through November 30, 2010 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 July 30, 2010 through November 30, 2010.
- (5) Represents the premiums on the shelf offerings of less than \$0.01 per share, less the underwriter discount and offering costs of less than \$0.01 per share for the years ended November 30, 2013 and 2012. Amount is less than \$0.01 for the years ended November 30, 2013 and 2012.
- (6) Not annualized for periods less than one full year.
- (7) 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). This calculation also assumes reinvestment of distributions at actual prices pursuant to NTG's dividend reinvestment plan.
- (8) Annualized for periods less than one full year.
- (9) For the period from December 1, 2014 through May 31, 2015, NTG accrued \$53,905,849 for net deferred income tax benefit. For the year ended November 30, 2014, NTG accrued \$581,000 for current income tax expense and \$98,329,597 for net deferred income tax expense. For the year ended November 30, 2013, NTG accrued \$141,332,523 for net deferred income tax expense. For the year ended November 30, 2012, NTG accrued \$44,677,351 for net deferred income tax expense. For the year ended November 30, 2011, NTG accrued \$20,589 for current income tax benefit and \$35,466,770 for net deferred income tax expense. For the period from July 30, 2010 to November 30, 2010, NTG accrued \$50,000 for current income tax expense and \$38,533,993 for net deferred income tax expense.
- (10) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the period divided by senior notes and credit facility borrowings outstanding at the end of the period.
- (11) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the period divided by senior notes, credit facility borrowings and preferred stock outstanding at the end of the period.

See accompanying Notes to Financial Statements.



## TTP Financial Highlights

	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 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>					
Net Asset Value, beginning of period	\$ 35.04	\$ 30.33	\$ 25.24	\$ 24.42	\$ 25.00
Public offering price					
Income (Loss) from Investment Operations					
Net investment income (loss) <sup>(3)</sup>	0.14	0.08	0.10	0.12	(0.02)
Net realized and unrealized gain (loss) <sup>(3)</sup>	(1.96)	6.26	6.62	2.33	0.61
Total income (loss) from investment operations	(1.82)	6.34	6.72	2.45	0.59
Distributions to Common Stockholders					
Net investment income	(0.67)	(0.02)	(0.57)	(0.24)	
Net realized gain	(0.38)	(1.61)	(1.03)	(1.07)	
Return of capital			(0.03)	(0.32)	
Total distributions to common stockholders	(1.05)	(1.63)	(1.63)	(1.63)	
Underwriting discounts and offering costs on issuance of common stock <sup>(4)</sup>					(1.17)
Net Asset Value, end of period	\$ 32.17	\$ 35.04	\$ 30.33	\$ 25.24	\$ 24.42
Per common share market value, end of period	\$ 27.72	\$ 32.50	\$ 28.11	\$ 24.15	\$ 25.01
Total Investment Return Based on Market Value <sup>(5)(6)</sup>	(11.46)%	21.68 %	23.44 %	3.18 %	0.04 %
<b>Supplemental Data and Ratios</b>					
Net assets applicable to common stockholders, end of period (000 s)	\$ 322,215	\$ 350,975	\$ 303,797	\$ 252,508	\$ 244,264
Average net assets (000 s)	\$ 329,015	\$ 357,486	\$ 289,876	\$ 253,815	\$ 237,454
Ratio of Expenses to Average Net Assets <sup>(7)</sup>					
Advisory fees	1.40 %	1.37 %	1.42 %	1.44 %	1.17 %
Other operating expenses	0.21	0.18	0.19	0.21	0.56
Total operating expenses, before fee waiver	1.61	1.55	1.61	1.65	1.73
Fee waiver	(0.14)	(0.19)	(0.26)	(0.33)	(0.27)
Total operating expenses	1.47	1.36	1.35	1.32	1.46
Leverage expenses	0.78	0.75	0.90	1.03	0.31
Total expenses	2.25 %	2.11 %	2.25 %	2.35 %	1.77 %

See accompanying Notes to Financial Statements.

	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012	Period from October 31, 2011 <sup>(1)</sup> through November 30, 2011
Ratio of net investment income (loss) to average net assets before fee waiver <sup>(7)</sup>	0.71 %	0.02 %	0.08 %	0.16 %	(1.12) %
Ratio of net investment income (loss) to average net assets after fee waiver <sup>(7)</sup>	0.85 %	0.21 %	0.34 %	0.49 %	(0.85) %
Portfolio turnover rate <sup>(5)</sup>	10.83 %	18.45 %	31.43 %	34.65 %	1.68 %
Credit facility borrowings, end of period (000 s)	\$ 19,900	\$ 26,000	\$ 22,200	\$ 16,600	
Senior notes, end of period (000 s)	\$ 54,000	\$ 49,000	\$ 49,000	\$ 49,000	\$ 24,500
Preferred stock, end of period (000 s)	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 8,000
Per common share amount of senior notes outstanding, end of period	\$ 5.39	\$ 4.89	\$ 4.89	\$ 4.90	\$ 2.45
Per common share amount of net assets, excluding senior notes, end of period	\$ 37.56	\$ 39.93	\$ 35.22	\$ 30.14	\$ 26.87
Asset coverage, per \$1,000 of principal amount of senior notes and credit facility borrowings <sup>(8)</sup>	\$ 5,577	\$ 5,893	\$ 5,492	\$ 5,093	\$ 11,296
Asset coverage ratio of senior notes and credit facility borrowings <sup>(8)</sup>	558 %	589 %	549 %	509 %	1,130 %
Asset coverage, per \$25 liquidation value per share of mandatory redeemable preferred stock <sup>(9)</sup>	\$ 115	\$ 121	\$ 112	\$ 102	\$ 213
Asset coverage ratio of preferred stock <sup>(9)</sup>	458 %	486 %	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, 2014, 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 TTP'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 senior notes, credit facility borrowings and preferred stock at the end of the period divided by senior notes and credit facility borrowings outstanding at the end of the period.

(9) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the period divided by senior notes, credit facility borrowings and preferred stock outstanding at the end of the period.

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

45

## TPZ Financial Highlights

	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012	Year Ended November 30, 2011
<b>Per Common Share Data<sup>(1)</sup></b>					
Net Asset Value, beginning of period	\$ 31.08	\$ 28.12	\$ 26.76	\$ 25.37	\$ 24.47
Income from Investment Operations					
Net investment income <sup>(2)</sup>	0.50	0.81	0.76	0.72	0.72
Net realized and unrealized gain (loss) <sup>(2)</sup>	(0.31)	3.65	2.10	2.17	1.68
Total income from investment operations	0.19	4.46	2.86	2.89	2.40
Distributions to Common Stockholders					
Net investment income	(1.06)	(0.90)	(0.50)	(0.88)	(0.79)
Net realized gain	(0.98)	(0.60)	(1.00)	(0.62)	(0.57)
Return of capital					(0.14)
Total distributions to common stockholders	(2.04)	(1.50)	(1.50)	(1.50)	(1.50)
Net Asset Value, end of period	\$ 29.23	\$ 31.08	\$ 28.12	\$ 26.76	\$ 25.37
Per common share market value, end of period	\$ 26.80	\$ 26.90	\$ 24.74	\$ 25.26	\$ 24.18
Total Investment Return Based on Market Value <sup>(3)(4)</sup>	7.65 %	14.94 %	3.80 %	10.83 %	11.49 %
Total Investment Return Based on Net Asset Value <sup>(3)(5)</sup>	1.62 %	16.84 %	11.36 %	11.90 %	10.24 %
<b>Supplemental Data and Ratios</b>					
Net assets applicable to common stockholders, end of period (000 s)	\$ 203,208	\$ 216,048	\$ 195,484	\$ 186,034	\$ 176,329
Average net assets (000 s)	\$ 202,619	\$ 208,698	\$ 193,670	\$ 182,224	\$ 173,458
Ratio of Expenses to Average Net Assets <sup>(6)</sup>					
Advisory fees	1.17 %	1.12 %	1.13 %	1.13 %	1.13 %
Other operating expenses	0.28	0.26	0.26	0.27	0.28
Total operating expenses, before fee waiver	1.45	1.38	1.39	1.40	1.41
Fee waiver	(0.01)	(0.07)	(0.12)	(0.12)	(0.18)
Total operating expenses	1.44	1.31	1.27	1.28	1.23
Leverage expenses	0.23	0.19	0.25	0.44	0.42
Current foreign tax expense <sup>(7)</sup>					0.00
Total expenses	1.67 %	1.50 %	1.52 %	1.72 %	1.65 %

See accompanying Notes to Financial Statements.

	Period from December 1, 2014 through May 31, 2015 (unaudited)	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012	Year Ended November 30, 2011	Year Ended November 30, 2010
Ratio of net investment income to average net assets before fee waiver <sup>(6)</sup>	3.40 %	2.62 %	2.62 %	2.64 %	2.70 %	3.05
Ratio of net investment income to average net assets after fee waiver <sup>(6)</sup>	3.41 %	2.69 %	2.74 %	2.76 %	2.88 %	3.23
Portfolio turnover rate <sup>(3)</sup>	13.18 %	18.39 %	12.21 %	13.67 %	8.78 %	21.93
Credit facility borrowings, end of period (000 s)	\$ 50,400	\$ 42,400	\$ 37,400	\$ 16,400	\$ 13,000	\$ 12,700
Senior notes, end of period (000 s)				\$ 20,000	\$ 20,000	\$ 20,000
Per common share amount of senior notes outstanding, end of period				\$ 2.88	\$ 2.88	\$ 2.88
Per common share amount of net assets, excluding senior notes, end of period	\$ 29.23	\$ 31.08	\$ 28.12	\$ 29.64	\$ 28.25	\$ 27.35
Asset coverage, per \$1,000 of principal amount of senior notes and credit facility borrowings <sup>(8)</sup>	\$ 5,032	\$ 6,095	\$ 6,227	\$ 6,111	\$ 6,343	\$ 6,195
Asset coverage ratio of senior notes and credit facility borrowings <sup>(8)</sup>	503 %	610 %	623 %	611 %	634 %	619

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

(2) The per common share data for the years ended November 30, 2014, 2013, 2012, 2011 and 2010 do not reflect the change in estimate of investment income and return of capital, for the respective period. See Note 2C to the financial statements for further disclosure.

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

(4) Total investment return is calculated assuming a purchase of common stock at the beginning of the period 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 TPZ's dividend reinvestment plan.

(5) Total investment return is calculated assuming a purchase of common stock at the beginning of period and a sale at net asset value on the last day of the period. The calculation also assumes reinvestment of distributions at actual prices pursuant to TPZ's dividend reinvestment plan.

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

(7) TPZ accrued \$0, \$0, \$0, \$0, \$4,530 and \$1,660 for the period from December 1, 2014 through May 31, 2015 and the years ended November 30, 2014, 2013, 2012, 2011 and 2010, respectively, for current foreign tax expense. Ratio is less than 0.01% for the years ended November 30, 2011 and 2010.

(8) Represents value of total assets less all liabilities and indebtedness not represented by senior notes and credit facility borrowings at the end of the period divided by senior notes and credit facility borrowings outstanding at the end of the period.

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

47

## Notes to Financial Statements (unaudited)

May 31, 2015

### 1. General Organization

This report covers the following companies, each of which is listed on the New York Stock Exchange ( NYSE ): Tortoise Energy Independence Fund, Inc. ( NDP ), Tortoise Energy Infrastructure Corp. ( TYG ), Tortoise MLP Fund, Inc. ( NTG ), Tortoise Pipeline & Energy Fund, Inc. ( TTP ), and Tortoise Power and Energy Infrastructure Fund, Inc. ( TPZ ). These companies are individually referred to as a Fund or by their respective NYSE symbols, or collectively as the Funds, and each is a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act ). Each of NDP, TYG, NTG and TTP has a primary investment objective to seek a high level of total return with an emphasis on current distributions. TPZ has a primary investment objective to provide a high level of current income, with a secondary objective of capital appreciation.

Pursuant to a plan of merger approved by the stockholders of each of TYG, Tortoise Energy Capital Corporation ( TYY ) and Tortoise North American Energy Corporation ( TYN ), TYG acquired all of the net assets of TYY (\$766,488,956) and TYN (\$210,449,285) on June 23, 2014 and is the accounting survivor of the mergers. A total of 20,072,262 shares of common stock of TYY were exchanged for 15,043,739 shares of common stock of TYG immediately after the closing date. A total of 6,316,079 shares of common stock of TYN were exchanged for 4,130,451 shares of common stock of TYG immediately after the closing date. These mergers qualified as tax-free reorganizations under Section 368(a)(1)(C) of the Internal Revenue Code. TYY's net assets included \$718,750,155 of net unrealized appreciation on investments and \$33,507,606 of accumulated net realized gain on investments. TYN's net assets included \$148,701,368 of net unrealized appreciation of investments and \$10,257,163 of accumulated net realized gain on investments. The aggregate net assets of TYG prior to the mergers totaled \$1,469,645,683 and following the mergers the combined net assets of TYG totaled \$2,446,583,924.

Assuming the mergers of TYY and TYN with and into TYG had been completed on December 1, 2013, the combined pro forma results for the year ended November 30, 2014 would have been as follows: net investment loss of \$(32,685,001), net realized gain on investments and interest rate swaps of \$186,798,444, net unrealized appreciation of investments and interest rate swap contracts of \$239,792,532 and net increase in net assets applicable to common stockholders resulting from operations of \$393,905,975.

Because the combined entities have been managed as a single integrated entity since the mergers were completed, it is not practicable to separate the amounts of revenue and earnings of TYY and TYN that have been included in TYG's financial statements since June 22, 2014.

### 2. Significant Accounting Policies

The Funds follow accounting and reporting guidance applicable to investment companies under U.S. generally accepted accounting principles ( GAAP ).

#### A. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the amount of income and expenses during the period reported. Actual results could differ from those estimates.

#### B. Security Valuation

In general, and where applicable, the Funds use readily available market quotations based upon the last updated sales price from the principal market to determine fair value. The Funds primarily own securities that are listed on a securities exchange or over-the-counter market. The Funds value 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 Funds use the price from the exchange that it considers to be the principal exchange on which the security is traded. Securities listed on the NASDAQ are 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 is valued at the mean between the last bid price and last ask price on such day. These securities are categorized as Level 1 in the fair value hierarchy as further described below.

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 a fund's ability to dispose of them. Investments in private placement securities and other securities for which market quotations are not readily available are valued in good faith by using certain fair value procedures. 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 affect the value of a Fund's portfolio securities before the net asset value has been calculated (a significant event), the portfolio securities so

## Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

affected are generally priced using fair value procedures.

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 liquidity and 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. 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. 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.

48

**Tortoise Capital Advisors**

---

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

Exchange-traded options are valued at the last reported sale price on any exchange on which they trade. If no sales are reported on any exchange on the measurement date, exchange-traded options are valued at the mean between the highest bid and last lowest asked prices obtained as of the closing of the exchanges on which the option is traded. The value of Flexible Exchange Options (FLEX Options) are determined (i) by an evaluated price as determined by a third-party valuation service; or (ii) by using a quotation provided by a broker-dealer.

The Funds generally value debt securities at evaluated bid prices obtained from an independent third-party valuation service that utilizes a pricing matrix based upon yield data for securities with similar characteristics, or based on a direct written broker-dealer quotation from a dealer who has made a market in the security. Debt securities with 60 days or less to maturity are valued on the basis of amortized cost, which approximates market value.

Interest rate swap contracts are valued by using industry-accepted models, which discount the estimated future cash flows based on a forward rate curve and the stated terms of the interest rate swap agreement by using interest rates currently available in the market, or based on dealer quotations, if available, and are categorized as Level 2 in the fair value hierarchy.

Various inputs are used in determining the fair value of the Funds' investments and 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 a Fund'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 tables provide the fair value measurements of applicable assets and liabilities by level within the fair value hierarchy as of May 31, 2015. These assets and liabilities are measured on a recurring basis.

**NDP:**

Description	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments:				
Common Stock <sup>(a)</sup>	\$ 281,744,957	\$	\$	\$ 281,744,957
Master Limited Partnerships and Related Companies <sup>(a)</sup>	93,720,455	902,847		94,623,302
Short-Term Investment <sup>(b)</sup>	72,594			72,594
Total Assets	\$ 375,538,006	\$ 902,847	\$	\$ 376,440,853

<b>Liabilities</b>				
Written Call Options	\$ 927,072	\$	\$	\$ 927,072

**TYG:**

Description	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments:				
Common Stock <sup>(a)</sup>	\$ 17,633,310	\$	\$	\$ 17,633,310
Master Limited Partnerships <sup>(a)</sup>	4,065,740,481	9,664,077		4,075,404,558
Short-Term Investment <sup>(b)</sup>	27,712			27,712
Total Assets	\$ 4,083,401,503	\$ 9,664,077	\$	\$ 4,093,065,580

<b>Liabilities</b>				
Interest Rate Swap Contracts.	\$	\$ 526,491	\$	\$ 526,491

**NTG:**

Description	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments:				

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Common Stock <sup>(a)</sup>	\$ 18,367,914	\$	\$	\$ 18,367,914
Master Limited Partnerships <sup>(a)</sup>	2,067,905,227		4,910,710	2,072,815,937
Short-Term Investment <sup>(b)</sup>	78,431			78,431
Total Assets	\$ 2,086,351,572	\$	4,910,710	\$ 2,091,262,282

Tortoise Capital Advisors

49

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

<b>TTP:</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Investments:				
Common Stock <sup>(a)</sup>	\$ 291,493,328	\$	\$	\$ 291,493,328
Master Limited Partnerships and Related Companies <sup>(a)</sup>	120,389,128	983,270		121,372,398
Short-Term Investment <sup>(b)</sup>	64,929			64,929
<b>Total Assets</b>	<b>\$ 411,947,385</b>	<b>\$ 983,270</b>	<b>\$</b>	<b>\$ 412,930,655</b>
<b>Liabilities</b>				
Written Call Options	\$ 196,578	\$	\$	\$ 196,578
<b>TPZ:</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Investments:				
Corporate Bonds <sup>(a)</sup>	\$	\$ 134,024,007	\$	\$ 134,024,007
Common Stock <sup>(a)</sup>	45,091,720			45,091,720
Master Limited Partnerships and Related Companies <sup>(a)</sup>	72,338,392	593,797		72,932,189
Short-Term Investment <sup>(b)</sup>	33,299			33,299
<b>Total Assets</b>	<b>\$ 117,463,411</b>	<b>\$ 134,617,804</b>	<b>\$</b>	<b>\$ 252,081,215</b>
<b>Liabilities</b>				
Interest Rate Swap Contracts	\$	\$ 376,027	\$	\$ 376,027

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

(b) Short-term investment is a sweep investment for cash balances.

None of the Funds held any Level 3 securities during the period ended May 31, 2015. The Funds utilize the beginning of reporting period method for determining transfers between levels. During the period ended May 31, 2015, TerraForm Power, Inc. common units held by TPZ in the amount of \$4,054,700 were transferred from Level 2 to Level 1 when they converted into registered and unrestricted common units of TerraForm Power, Inc. There were no other transfers between levels for the Funds during the period ended May 31, 2015.

### 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 Funds estimate the allocation of distributions between investment income and return of capital at the time such distributions are received based on information provided by each portfolio company. 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 Funds.

Subsequent to November 30, 2014, the Funds reallocated the amount of investment income and return of capital they recognized for the period from December 1, 2013 through November 30, 2014 based on the 2014 tax reporting information received from the individual MLPs. These reclassifications amounted to:

	Increase (Decrease) in Net Investment Income		Increase (Decrease) in Unrealized Appreciation		Increase (Decrease) in Realized Gains	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
NDP	\$ (165,388)	\$ (0.011)	\$ 46,777	\$ 0.003	\$ 118,611	\$ 0.008
TYG						
Pre-tax	\$ 3,880,737	\$ 0.081	\$ (1,456,475)	\$ (0.030)	\$ (2,424,262)	\$ (0.051)
After-tax	\$ 2,446,416	\$ 0.051	\$ (918,162)	\$ (0.019)	\$ (1,528,254)	\$ (0.032)

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

NTG												
Pre-tax	\$	8,304,362	\$	0.177	\$	(7,617,360)	\$	(0.162)	\$	(687,002)	\$	(0.015)
After-tax	\$	5,253,339	\$	0.112	\$	(4,818,742)	\$	(0.103)	\$	(434,597)	\$	(0.009)
TTP	\$	2,735	\$	0.000	\$	(2,735)	\$	(0.000)	\$		\$	
TPZ	\$	353,170	\$	0.051	\$	(348,843)	\$	(0.050)	\$	(4,327)	\$	(0.001)

50

Tortoise Capital Advisors

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

Subsequent to the period ended February 28, 2015, the Company reallocated the amount of investment income and return of capital it recognized in the current fiscal year based on its revised 2015 estimates, after considering the final allocations for 2014. These reclassifications amounted to:

	Increase in Net Investment Income		Increase (Decrease) in Unrealized Appreciation		Increase (Decrease) in Realized Gains	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
NDP	\$ 3,277	\$ 0.000	\$ (7,639)	\$ (0.001)	\$ 4,362	\$ 0.001
TYG						
Pre-tax	\$ 267,545	\$ 0.006	\$ 2,136,868	\$ 0.044	\$ (2,404,413)	\$ (0.050)
After-tax	\$ 168,660	\$ 0.004	\$ 1,347,082	\$ 0.028	\$ (1,515,742)	\$ (0.032)
NTG						
Pre-tax	\$ 856,023	\$ 0.018	\$ 3,534,563	\$ 0.075	\$ (4,390,586)	\$ (0.093)
After-tax	\$ 541,520	\$ 0.011	\$ 2,235,965	\$ 0.048	\$ (2,777,485)	\$ (0.059)
TTP	\$ 14,792	\$ 0.001	\$ (53,587)	\$ (0.005)	\$ 38,795	\$ 0.004
TPZ	\$ 35,532	\$ 0.005	\$ (57,043)	\$ (0.008)	\$ 21,511	\$ 0.003

In addition, the Funds may be subject to withholding taxes on foreign-sourced income. The Funds accrue 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 Funds translate 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 Funds do not isolate the 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 securities.

**E. Federal and State Income Taxation**

TYG and NTG, as corporations, are each obligated to pay federal and state income tax on its taxable income. Currently, the highest regular marginal federal income tax rate for a corporation is 35%. TYG and NTG may be subject to a 20% federal alternative minimum tax ( AMT ) on its federal alternative minimum taxable income to the extent that its AMT exceeds its regular federal income tax.

NDP, TTP and TPZ each qualify as a regulated investment company ( RIC ) under the Internal Revenue Code ( IRC ). As a result, NDP, TTP and TPZ generally will not be subject to U.S. federal income tax on income and gains that they distribute each taxable year to stockholders if they meet certain minimum distribution requirements. RICs are required to distribute substantially all of their income, in addition to meeting certain asset diversification requirements, and are subject to a 4% non-deductible U.S. federal excise tax on certain undistributed income unless the fund makes sufficient distributions to satisfy the excise tax avoidance requirement.

The Funds invest in master limited partnerships ( MLPs ), which generally are treated as partnerships for federal income tax purposes. As a limited partner in the MLPs, each Fund reports its allocable share of the MLP 's taxable income in computing its own taxable income. The Funds ' tax expense or benefit, if applicable, is included in the Statement of Operations based on the component of income or gains (losses) to which such expense or benefit relates. For TYG and NTG, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized.

The Funds recognize 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 Funds ' policy is to record interest and penalties on uncertain tax positions as part of tax expense. As of May 31, 2015, the Funds had no uncertain tax positions and no penalties and interest were accrued. The Funds do not expect any change in their unrecognized tax positions in the next twelve months. Tax years since the year ended November 30, 2005 for TYG, since inception for NDP, NTG and TTP, and since the year ended November 30, 2011 for TPZ remain open to examination by federal and state tax authorities.

**F. Distributions to Stockholders**

Distributions to common stockholders are recorded on the ex-dividend date. The Funds may not declare or pay distributions to its common stockholders if it does not meet asset coverage ratios required under the 1940 Act or the rating agency guidelines for its debt and preferred stock following such distribution. The amount of any distributions will be determined by the Board of Directors. The character of distributions to common

## Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

stockholders made during the year may differ from their ultimate characterization for federal income tax purposes.

As RICs, NDP, TTP and TPZ each intend to make cash distributions of its investment company taxable income and capital gains to common stockholders. In addition, on an annual basis, NDP, TTP and TPZ each 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. Distributions paid to stockholders in excess of investment company taxable income and net realized gains will be treated as return of capital to stockholders.

**Tortoise Capital Advisors**

51

---

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

Distributions to mandatory redeemable preferred ( MRP ) stockholders are accrued daily based on applicable distribution rates for each series and paid periodically according to the terms of the agreements. The Funds may not declare or pay distributions to its preferred stockholders if it does not meet a 200% asset coverage ratio for its debt or the rating agency basic maintenance amount for the debt following such distribution. The character of distributions to preferred stockholders made during the year may differ from their ultimate characterization for federal income tax purposes.

For tax purposes, distributions to stockholders for the year ended November 30, 2014 were characterized as follows:

	NDP*	TYG	NTG	TTP*	TPZ*			
	Common	Common	Preferred	Common	Preferred	Common		
Qualified dividend income	12%	100%	100%	92%	100%	1%	1%	7%
Ordinary dividend income	56%							58%
Return of capital	5%			8%				
Long-term capital gain	27%					99%	99%	35%

\* For Federal income tax purposes, distributions of short-term capital gains are treated as ordinary income distributions.

The tax character of distributions paid to common and preferred stockholders for the current year will be determined subsequent to November 30, 2015.

**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 senior notes and MRP Stock are capitalized and amortized over the period the debt or MRP Stock is outstanding.

**TYG:**

Capitalized costs (excluding underwriter commissions) were reflected during the period ended May 31, 2015 for Series II Notes (\$16,898), Series JJ Notes (\$33,797) and Series KK Notes (\$16,898) that were issued in December 2014, for Series LL Notes (\$26,350), Series MM Notes (\$39,275), Series NN Notes (\$27,435) and Series OO Notes (\$27,435) that were issued in April 2015, for MRP C Shares (\$23,900) that were issued in the prior year and for additional amounts of MRP D Shares (\$471,206) and MRP E Shares (\$457,094) that were issued in December 2014.

**TTP:**

Capitalized costs (excluding underwriter commissions) were reflected during the period ended May 31, 2015 for the Series E Notes (\$25,779), Series F Notes (\$15,467) and Series G Notes (\$15,467) that were issued in December 2014.

There were no offering or debt issuance costs recorded during the period ended May 31, 2015 for NDP, NTG or TPZ.

**H. Derivative Financial Instruments**

The Funds have established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. The Funds do not hold or issue derivative financial instruments for speculative purposes. All derivative financial instruments are recorded at fair value with changes in fair value during the reporting period, and amounts accrued under the agreements, included as unrealized gains or losses i