Cohen & Steers MLP Income and Energy Opportunity Fund, Inc.

Common Shares
$20.00 per Share

The Fund. Cohen & Steers MLP Income and Energy Opportunity Fund, Inc. (the “Fund”) is a newly organized, non-diversified, closed-end management investment company.

Investment Objective and Strategies. The Fund’s investment objective is to provide attractive total return, comprised of high current income and price appreciation. The Fund seeks to achieve its investment objective by investing primarily in MLPs and Energy Investments. The Fund is structured as a tax efficient vehicle in order to achieve its investment objective. There can be no assurance that the Fund will achieve its investment objective. Capitalized terms, not otherwise defined herein, have the meanings ascribed to them in the “Glossary of Key Terms” on page 1 of this prospectus.

Portfolio Contents. Under normal market conditions, the Fund will invest at least 80% of its Managed Assets in MLPs and Energy Investments. “Managed Assets” are the Fund’s net assets, plus the principal amount of loans from financial institutions or debt securities issued by the Fund, the liquidation preference of any preferred shares issued by the Fund (“Preferred Shares”), and the proceeds of any reverse repurchase agreements entered into by the Fund. The Fund may invest up to 15% of its Managed Assets in unregistered or private Energy Investments.

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

The Fund’s shares have been approved for listing on the New York Stock Exchange (“NYSE”), subject to notice of issuance, under the symbol “MIE.”

Investment in the Fund’s Common Shares involves substantial risks arising from, among other strategies, the Fund’s ability to invest in securities that are rated below investment grade or unrated but determined by Cohen & Steers Capital Management, Inc. (the “Investment Manager”) to be of comparable quality, and the Fund’s anticipated use of leverage. Below investment grade securities are regarded as having increased risk with respect to capacity to pay interest and to repay principal, and are commonly referred to as “high yield” securities or “junk bonds.” Because of the risks associated with investing in high yield securities and using leverage, an investment in the Fund may be considered speculative. Before buying any of the Fund’s Common Shares, you should read the discussion of the principal risks of investing in the Fund in “Principal Risks of the Fund” beginning on page 72 of this prospectus.

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

Public offering price ................................... $20.00 $480,000,000
Sales load(1) ......................................... $.90 $21,600,000
Estimated offering expenses(2)........................... $.04 $960,000
Proceeds, after expenses, to Fund ......................... $19.06 $457,440,000

The underwriters expect to deliver Common Shares to purchasers on or about March 28, 2013.

BofA Merrill Lynch

RBC Capital Markets

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

Ladenburg Thalmann & Co. Inc.

Maxim Group LLC

Sterne Agee

Wedbush Securities Inc.

Wunderlich Securities

The date of this prospectus is March 25, 2013.
(notes from previous page)

(1) The Investment Manager (and not the Fund) has agreed to pay from its own assets structuring fees to Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and Deutsche Bank Securities Inc. The Investment Manager (and not the Fund) has agreed to pay from its own assets a sales incentive fee to Sterne, Agee & Leach, Inc. These fees are not reflected under sales load in the table above. See “Underwriting.”

(2) Offering expenses paid by the Fund, estimated to total $960,000 (or $.04 per Common Share), may include reimbursement to the Investment Manager or its affiliates for expenses incurred in connection with the offering, including compensation to sales personnel. See “Underwriting.” The Investment Manager has agreed to pay (i) all of the Fund’s organizational expenses and (ii) the Fund’s offering expenses (other than the sales load) to the extent offering expenses are in excess of $.04 per Common Share. See “Summary of Fund Expenses.”

(3) The Fund has granted the underwriters an option to purchase up to 3,600,000 additional Common Shares at the public offering price, less the sales load, within 45 days of the date of this prospectus. If such option is exercised in full, the total public offering price, sales load, estimated offering expenses and proceeds, after expenses, to the Fund will be $552,000,000, $24,840,000, $1,104,000 and $526,056,000, respectively. See “Underwriting.”
The Fund may invest up to 25% (or such higher amount as permitted by any applicable tax diversification rules) of its Managed Assets directly in equity or debt securities of MLPs. The Fund may also invest up to 25% (or such higher amount as permitted by any applicable tax diversification rules) of its Managed Assets in a wholly-owned taxable subsidiary, Cohen & Steers MLP Investment Fund (the “Subsidiary”), which in turn may invest up to 100% of its assets in equity or debt securities of MLPs as well as in other securities and investment instruments. The Fund initially intends to invest a significant portion of its assets in securities of Midstream Energy Companies.

The Fund currently intends to invest primarily in MLPs and Energy Investments issued by entities organized in the United States. The Fund may also invest up to 20% of its Managed Assets in foreign MLPs and Energy Investments, including in emerging markets. The Fund may invest up to 20% of its Managed Assets in investments that are not MLPs or Energy Investments.

The Fund may, but is not required to, use derivative instruments to seek to generate return, facilitate portfolio management and mitigate risks. See “Investment Objective and Policies” and “Principal Risks of the Fund.”

Tax Status. The Fund intends to elect and to qualify annually for treatment as a regulated investment company (a “RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). For each taxable year in which the Fund qualifies for treatment as a RIC, it will not be subject to U.S. federal income tax at the Fund level on income (including net capital gain) distributed in a timely manner to its shareholders in the form of dividends. In order for the Fund to qualify as a RIC, it must meet requirements with respect to the sources of its income, diversification of its assets and distributions to shareholders each year. See “Prospectus Summary—Tax Considerations” and “Principal Risks of the Fund—Tax Risks.”

Leverage. The Fund may seek to enhance the level of its current distributions to the holders of its Common Shares through the use of leverage. Under the Investment Company Act of 1940 (the “1940 Act”), the Fund may use leverage through borrowings in an aggregate amount of up to 33 1/3% of the Fund’s Managed Assets immediately after such borrowings. The Subsidiary also may use similar forms of leverage. After the Fund has fully invested the net proceeds of this offering, the Fund currently intends to borrow money from certain financial institutions (“Borrowings”) in an initial aggregate amount (when combined with any leverage utilized by the Subsidiary) of approximately 30% (as determined immediately after such Borrowings) of the value of its Managed Assets. Although the Fund currently does not intend to do so, the Fund also may use leverage through the issuance of Preferred Shares in an aggregate amount of up to 50% of the Fund’s Managed Assets immediately after such issuance. In addition to Borrowings and the issuance of Preferred Shares, the Fund may enter into certain investment management strategies, such as reverse repurchase agreements or derivatives transactions (collectively, “effective leverage”), to achieve leverage. The Fund considers effective leverage to result from any investment strategy which is used to increase gross investment exposure in excess of the Fund’s net asset value. Effective leverage does not include exposure obtained for hedging purposes, from securities lending, or to manage the Fund’s interest rate exposure. The Fund will not enter into any leverage transaction if, immediately after such transaction, the Fund’s total leveraging including any Borrowings and Preferred Shares and effective leverage incurred, exceeds 50% of the Fund’s Managed Assets. Although certain derivatives transactions are not treated as leverage for purposes of the limits set forth above, certain derivatives transactions may be considered a form of economic leverage on the Fund’s portfolio and may be subject to the risks associated with the use of leverage. See “Investment Objective and Policies—Derivatives Transactions” and “Use of Leverage.”

Investment Manager. Cohen & Steers Capital Management, Inc., a registered investment advisor located at 280 Park Avenue, New York, New York 10017, was formed in 1986, and its clients include pension plans, endowment funds and investment companies, including open-end and closed-end funds. As of December 31, 2012, the Investment Manager managed approximately $45.8 billion in assets. The Investment Manager is a wholly owned subsidiary of Cohen & Steers, Inc., a publicly traded company whose common stock is listed on the NYSE under the symbol “CNS.”

This prospectus sets forth concisely the information about the Fund you should know before investing. You should read the prospectus carefully before deciding whether to invest and retain it for future reference. A statement of additional information, dated March 25, 2013 (the “SAI”), as supplemented from time to time, containing additional information about the Fund, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the SAI by calling (800) 330-7348. You also may call to request the Fund’s annual and semi-annual reports (when available) or other information about the Fund, and to make shareholder inquiries. The Fund makes available the SAI and the Fund’s annual and semi-annual reports (when available), free of charge, at www.cohenandsteers.com. You may also obtain the SAI and other information regarding the Fund on the Securities and Exchange Commission website (http://www.sec.gov).
# TABLE OF CONTENTS

Glossary of Key Terms ........................................................................................................... 1
Prospectus Summary ................................................................................................................ 2
Summary of Fund Expenses .................................................................................................... 53
The Fund .................................................................................................................................. 55
Use of Proceeds ........................................................................................................................ 55
Investment Objective and Policies ........................................................................................... 55
Use of Leverage ....................................................................................................................... 67
Principal Risks of the Fund ..................................................................................................... 72
Additional Risk Considerations ............................................................................................... 91
How the Fund Manages Risk .................................................................................................. 94
Management of the Fund ......................................................................................................... 95
Dividends and Distributions ................................................................................................... 97
Closed-End Structure ............................................................................................................. 99
Repurchase of Shares ............................................................................................................. 99
Taxation ..................................................................................................................................... 100
Description of Shares ........................................................................................................... 108
Certain Provisions of the Articles of Incorporation and By-Laws ......................................... 111
Underwriting ............................................................................................................................ 113
Custodian, Transfer Agent, Dividend Disbursing Agent and Registrar .................................. 115
Reports to Shareholders .......................................................................................................... 116
Validity of the Common Shares ............................................................................................. 116
Table of Contents for the Statement of Additional Information ............................................. 117

You should rely only on the information contained or incorporated by reference in this prospectus. The Fund has not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus is accurate only as of the date of this prospectus. The Fund’s business, financial condition and prospects may have changed since that date.
GLOSSARY OF KEY TERMS

“MLPs” means energy-related master limited partnerships and limited liability companies that are publicly traded and treated as partnerships for U.S. federal income tax purposes. Direct investments in MLPs may take the form of debt or equity, including, without limitation, common units, preferred units and convertible subordinated units. For purposes of the Fund’s investment policies, restrictions and limitations, MLPs may include affiliates of MLPs that are not treated as C corporations for U.S. federal income tax purposes.

“Energy Investments” means investments in the following: (i) securities of affiliates of MLPs, substantially all of whose assets consist of units or ownership interests of an affiliated MLP (which includes, without limitation, general partner interests, incentive distribution rights, common units and subordinated units), that are treated as C corporations and not as partnerships for U.S. federal income tax purposes; (ii) exchange-traded notes whose returns are linked to the returns of MLPs or MLP indices; (iii) securities of exchange-traded, open-end or closed-end funds that invest primarily in MLPs or their affiliates; (iv) interests in royalty trusts, (v) securities of companies other than MLPs that derive at least 50% of their revenues from the exploration, development, production, gathering, transportation, processing, storage, refining, distribution, mining or marketing of natural gas, natural gas liquids (including propane), crude oil, refined petroleum products, coal or other energy sources and (vi) instruments that provide economic exposure to each type of investment listed in items (i) through (v) above, including derivative instruments such as, among others, forward contracts, futures and options thereon, options and swaps.

“MLPs and Energy Investments” means (i) MLPs and (ii) Energy Investments.

“Midstream Energy Companies” means (i) MLPs that principally own and operate assets used in transporting, storing, gathering, processing, distributing, marketing and/or delivering natural gas, natural gas liquids, crude oil or refined products or coal (“Midstream Assets”); and (ii) other energy infrastructure companies (other than MLPs which own and operate Midstream Assets) that own and operate Midstream Assets. Companies identified in item (ii) are not structured as MLPs and are generally taxed as corporations. For purposes of this definition, Midstream Energy Companies are companies that (i) derive at least 50% of their revenues or operating income from operating Midstream Assets or (ii) have Midstream Assets that represent the majority of their assets.
PROSPECTUS SUMMARY

This is only a summary. This summary may not contain all of the information that you should consider before investing in the Fund’s Common Shares. You should review the more detailed information contained in this prospectus and in the statement of additional information (the “SAI”), especially the information set forth under the heading “Principal Risks of the Fund.”

The Fund

Cohen & Steers MLP Income and Energy Opportunity Fund, Inc. is a newly organized, non-diversified, closed-end management investment company. Throughout this prospectus, we refer to Cohen & Steers MLP Income and Energy Opportunity Fund, Inc. simply as the “Fund” or as “we,” “us” or “our.” See “The Fund.”

The Offering

The Fund is offering 24,000,000 shares of common stock (“Common Shares”) through a group of underwriters led by Merrill Lynch, Pierce, Fenner & Smith Incorporated. The underwriters have been granted an option to purchase up to 3,600,000 additional Common Shares. The initial public offering price is $20.00 per Common Share. See “Underwriting.” Cohen & Steers Capital Management, Inc. (the “Investment Manager”) has agreed to pay (i) all of the Fund’s organizational expenses and (ii) offering expenses (other than the sales load) that exceed $0.04 per Common Share. You must purchase at least 100 Common Shares ($2,000).

Investment Objective and Policies

The Fund’s investment objective is to provide attractive total return, comprised of high current income and price appreciation. The Fund seeks to achieve its investment objective by investing primarily in MLPs and Energy Investments. The Fund is structured as a tax efficient vehicle in order to achieve its investment objective. Unless otherwise indicated in this prospectus or the SAI, the Fund’s investment objective and investment policies are considered non-fundamental and may be changed by the Fund’s Board of Directors (the “Board of Directors”) without shareholder approval. However, the Fund’s investment objective and its policy of investing at least 80% of its Managed Assets in MLPs and Energy Investments may only be changed upon 60 days’ prior written notice to holders of Common Shares (“Common Shareholders”) or holders of preferred shares issued by the Fund (“Preferred Shares”), if any, as applicable. There can be no assurance that the Fund will achieve its investment objective. See “Investment Objective and Policies.”

Investment Strategies

Under normal market conditions, the Fund will invest at least 80% of its Managed Assets in MLPs and Energy Investments. “Managed Assets” are the Fund’s net assets, plus the principal amount of loans from financial institutions or debt securities issued by the Fund, the liquidation preference of any Preferred Shares and the proceeds of any reverse repurchase agreements entered into by the Fund (“Reverse Repurchase Agreements”). The Fund may invest up to 15% of its Managed Assets in unregistered or private Energy Investments. The Fund may invest up to 25% (or such higher amount as permitted by any applicable tax diversification rules) of its Managed Assets directly in equity or debt securities of MLPs. The Fund may also
invest up to 25% (or such higher amount as permitted by any applicable tax diversification rules) of its Managed Assets in a wholly-owned taxable subsidiary, Cohen & Steers MLP Investment Fund (the “Subsidiary”), which in turn may invest up to 100% of its assets in equity or debt securities of MLPs, as well as in other securities and investment instruments. The Fund initially intends to invest a significant portion of its assets in securities of Midstream Energy Companies.

The Fund currently intends to invest primarily in MLPs and Energy Investments issued by entities organized in the United States. The Fund may also invest up to 20% of its Managed Assets in foreign MLPs and Energy Investments, including in emerging markets. The Fund may invest up to 20% of its Managed Assets in investments that are not MLPs or Energy Investments. This 20% allocation may be in any of the securities and other investments described in this prospectus and the Statement of Additional Information (“SAI”).

The Fund may write (or sell) put or call options on indexes or securities with the intention of earning option premiums (“Option Strategy”). In addition, the Fund may write (or sell) call options if it desires to exit a position when the price of the underlying security rises to a particular level or it may write put options if it desires to acquire an investment at a price below the market price. The Fund may also engage in these transactions in an effort to profit from market movements. The options that the Fund writes may be covered or uncovered. The extent to which the Fund uses the Option Strategy, if at all, will be based on market conditions and will vary from time to time. Under normal market conditions, the notional value of the uncovered (i.e., naked) call options written by the Fund will not exceed 20% of the value of the Fund’s Managed Assets.

The Fund may, but is not required to, also use other derivative instruments to seek to generate return, facilitate portfolio management and mitigate risks.

The Fund may invest in investment grade as well as below investment grade securities and, although not required to do so, will generally seek to maintain a minimum BBB- (or equivalent) weighted average senior debt rating of companies in which it invests. Although a company’s senior debt rating may be BBB- (or equivalent), an underlying security issued by such company in which the Fund invests may have a lower rating than BBB- (or equivalent). Below investment grade securities are also known as “high yield” or “junk” securities. The Fund may invest a significant portion of its assets in below investment grade securities, which have a greater risk of loss of principal and income than investment grade securities. However, the Fund does not currently intend to invest in securities that are in default at the time of purchase.

For a more complete discussion of the Fund’s portfolio composition, see “Investment Objective and Policies.”
**Portfolio Contents**

Master Limited Partnerships. MLPs are generally publicly traded entities that are organized under state law as limited partnerships or limited liability companies and receive partnership taxation treatment under the Internal Revenue Code of 1986, as amended (the “Code”) (sometimes referred to as “master limited partnerships”). Interests in MLPs (so-called “units”) are often traded on securities exchanges like shares of corporate stock. To be treated as a partnership for U.S. federal income tax purposes, an MLP whose units are traded on a securities exchange must receive at least 90% of its gross income from qualifying sources such as interest, dividends, real estate rents, gain from the sale or disposition of real property, income and gain from mineral or natural resources activities, income and gain from the transportation or storage of certain fuels, and, in certain circumstances, income and gain from commodities or futures, forwards and options with respect to commodities. Mineral or natural resources activities include exploration, development, mining, production, processing, refining, storage, gathering, processing, distribution, marketing, and transportation (including pipelines) of oil and gas, minerals, geothermal energy, fertilizer, timber or industrial source carbon dioxide. An MLP consists of a general partner and limited partners (or in the case of MLPs organized as limited liability companies, a managing member and members). The general partner or managing member typically controls the operations and management of the MLP and has an ownership stake in the MLP. The limited partners or members, through their ownership of limited partner or member interests, provide capital to the entity, are intended to have no role in the operation and management of the entity and receive cash distributions. The MLPs themselves generally do not pay U.S. federal income taxes. Thus, unlike investors in corporate securities, direct MLP investors are generally not subject to two layers of taxation (i.e., corporate level tax and tax on corporate dividends). The extent of the Fund’s investments in MLPs, and the manner in which the Fund makes such investments, are limited by its intention to qualify as a regulated investment company (a “RIC”) for U.S. federal income tax purposes, and can bear on its ability to so qualify. Currently, most MLPs operate in the energy and/or natural resources sectors.

- **Equity Securities of MLPs.** Equity securities issued by MLPs currently consist of common units, subordinated units and preferred units.

- **MLP Common Units.** MLP common units are typically listed and traded on national securities exchanges, including the New York Stock Exchange (“NYSE”) and the NASDAQ Stock Market (“NASDAQ”). The Fund will typically purchase MLP common units through open market transactions, but may also acquire MLP common units through direct placements. Holders of MLP common units have limited control and voting rights. Holders of MLP common units are typically entitled to receive a minimum quarterly distribution (“MQD”), including arrearage rights, from the issuer.

4
• **MLP Subordinated Units.** MLP subordinated units are not typically listed on an exchange or publicly traded. The Fund will typically purchase MLP subordinated units through negotiated transactions directly with affiliates of MLPs and institutional holders of such units or will purchase newly-issued subordinated units directly from MLPs. Holders of MLP subordinated units are typically entitled to receive MQDs after payments to holders of common units have been satisfied and prior to incentive distributions to the general partner or managing member. MLP subordinated units do not typically provide arrearage rights. Most MLP subordinated units are convertible into common units after the passage of a specified period of time or upon the achievement by the MLP of specified financial goals.

• **MLP Preferred Units.** MLP preferred units are not typically listed on an exchange or publicly traded. The Fund will typically purchase MLP preferred units through negotiated transactions directly with MLPs, affiliates of MLPs and institutional holders of such units. Holders of MLP preferred units can be entitled to a wide range of voting and other rights, depending on the structure of each separate security.

• **Debt Securities of MLPs.** Debt securities issued by MLPs may include those rated below investment grade (below Baa3 or BBB-) by Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc. (“S&P”), Fitch Ratings (“Fitch”) or an equivalent rating by a nationally recognized statistical rating organization (“NRSRO”) or that are unrated but judged to be below investment grade by the Investment Manager at the time of purchase. Such securities are commonly known as “high yield bonds” or “junk bonds.” A debt security of an MLP will be considered to be investment grade if it is rated as such by one of Moody’s, S&P, Fitch or another NRSRO or, if unrated, is judged to be investment grade by the Investment Manager at the time of purchase. The Fund may invest in debt securities without regard to their maturity or credit rating. Investments in debt securities of MLPs will have different tax characteristics than equity securities of MLPs.

The Fund’s investments in certain of the following Energy Investments may be limited by the Fund’s intention to qualify as a RIC, and may bear on its ability to so qualify.

**Securities of MLP Affiliates.** Equity securities issued by affiliates of MLPs include certain securities issued by the general partners or managing members of MLPs. Many issuers of such equity securities are treated as C corporations for U.S. federal income tax purposes and therefore will have different tax characteristics than equity securities of MLPs. The Fund intends to purchase equity securities of MLP affiliates through market transactions, but may also acquire such equity securities through direct placements.
• **MLP I-Shares.** Issuers of “MLP I-Shares” use the proceeds from the sale of MLP I-Shares to purchase limited partnership interests in the MLP in the form of MLP i-units. Thus, MLP I-Shares represent an indirect interest in an MLP limited partnership interest. MLP i-units have similar features as MLP common units in terms of voting rights, liquidation preference and distribution. MLP I-Shares themselves have limited voting rights and are similar in that respect to MLP common units. MLP I-Shares differ from MLP common units in a number of respects, including that instead of receiving cash distributions, holders of MLP I-Shares will typically receive distributions of additional MLP I-Shares with a value equal to the cash distributions received by common unit holders. MLP I-Shares are traded on securities exchanges.

• **MLP General Partner or Managing Member Interests.** The general partner or managing member interest in MLPs is typically retained by the original sponsors of an MLP, such as its founders, corporate partners and entities that sell assets to the MLP. The holder of the general partner or managing member interest can be liable in certain circumstances for amounts greater than the amount of the holder’s investment in the general partner or managing member. General partner or managing member interests often confer direct board participation rights in, and in many cases control over the operations of, the MLP. General partner or managing member interests can be privately held or owned by publicly traded entities. General partner or managing member interests receive cash distributions, typically in an amount of up to 2% of available cash, which is contractually defined in the partnership or limited liability company agreement. In addition, holders of general partner or managing member interests typically receive incentive distribution rights (“IDRs”), which provide them with an increasing share of the entity’s aggregate cash distributions upon the payment of per common unit distributions that exceed specified threshold levels above the MQD. Due to the IDRs, general partners of MLPs have higher distribution growth prospects than their underlying MLPs, but quarterly incentive distribution payments would also decline at a greater rate than the rate of decline in quarterly distributions to common and subordinated unit holders in the event of a reduction in the MLP’s quarterly distribution. The ability of the limited partners or members to remove the general partner or managing member without cause is typically very limited. In addition, some MLPs permit the holder of IDRs to reset, under specified circumstances, the incentive distribution levels and receive compensation in exchange for the distribution rights given up in the reset.

**Midstream Assets.** Midstream Assets are the assets used in performing services related to energy logistics. These assets provide the link between the source point of energy products, such as natural gas and natural gas liquids and oil (i.e., where it is produced), and the end users (i.e., where it is consumed). Midstream Assets include those
assets used in transporting, storing, gathering, processing, 
distributing, marketing and/or delivering of natural gas, natural gas 
liquids, crude oil or refined products or coal.

Owners of Midstream Assets generally do not own the energy products 
flowing through their assets and, as a result, are not directly exposed to 
commodity price risk. Instead, Midstream Assets often charge a fee 
determined primarily by volume handled and service provided, and 
therefore are subject to the risk that volumes, because of changes in 
prices, market conditions or otherwise, will decrease. Furthermore, the 
fee charged for such service is often regulated by the Federal Energy 
Regulatory Commission (“FERC”) or a similar state agency.

**Exchange-Traded Notes Linked to MLPs.** The Fund may invest in 
exchange-traded notes (“ETNs”) that track the performance of MLPs 
or MLP indices. An ETN is typically an unsecured, unsubordinated 
debt security issued by a sponsoring institution, which may include a 
government entity, financial institution or corporation. Similar to 
other debt securities, ETNs have a maturity date and are backed only 
by the credit of the sponsoring institution. The returns of ETNs are 
usually linked to the performance of securities or market indices, less 
investor fees and all other costs. When an investor buys an ETN 
linked to MLPs or MLP indices, the sponsoring institution promises 
to pay the amount related to the value of the underlying MLP(s) or 
MLP index, minus fees and all other costs, upon maturity. ETNs are 
subject to the risk that the sponsoring institutions will be unable to 
pay their obligations as well as the risks associated with investing in 
MLPs. Investments in such securities will have different tax 
characteristics than equity securities of MLPs.

**Royalty Trusts.** A royalty trust is a trust which controls an 
underlying company whose business is the acquisition, exploitation, 
production and sale of oil and natural gas. These trusts generally pay 
out to unitholders the majority of the cash flow that they receive from 
the production and sale of underlying oil and natural gas reserves. 
The amount of distributions paid on a royalty trust’s units will vary 
from time to time based on production levels, commodity prices, 
royalty rates and certain expenses, deductions and costs, as well as on 
the distribution payout ratio policy adopted. As a result of distributing 
the bulk of their cash flow to unitholders, the ability of a royalty trust 
to finance internal growth through exploration is limited. Therefore, 
royalty trusts typically grow through acquisition of additional oil and 
gas properties or producing companies with proven reserves of oil 
and gas, funded through the issuance of additional equity or, where 
the trust is able, additional debt.

**Non-MLPs and Energy Investments.** The Fund may invest up to 
20% of its Managed Assets in equity and debt securities and other 
investments issued by issuers other than MLPs and Energy 
Investments. These investments may include, without limitation, 
common and preferred stock and other equity securities; bonds, 
debentures, notes, and other debt obligations of U.S. and foreign
(non-U.S.) corporate and other issuers, including U.S. Government securities and obligations of foreign governments or their subdivisions, agencies and government sponsored enterprises; and derivative instruments. The rate of interest on a debt obligation may be fixed, floating or variable. The Fund may invest in debt securities without regard to their maturity or credit rating.

**Foreign (Non-U.S.) Securities and Depositary Receipts.** The Fund may invest in securities of foreign issuers, or sponsored and unsponsored depositary receipts for such securities. Depositary receipts may take the form of American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”) and European Depositary Receipts (“EDRs”). Generally, an ADR in registered form is a dollar denominated security designed for use in the U.S. securities markets, which represents and may be converted into an underlying foreign security. GDRs, in bearer form, are designated for use outside the United States. EDRs, in bearer form, are designed for use in the European securities markets. The Fund may invest in foreign issuers in both developed and emerging markets.

**Other Investment Companies.** The Fund may invest in securities of closed-end funds, open-end funds, exchange-traded funds (“ETFs”) and other investment companies, including funds that invest primarily in MLPs and Energy Investments, to the extent permitted under Section 12(d)(1) of the Investment Company Act of 1940 (the “1940 Act”), and the rules thereunder, or any exemption granted under the 1940 Act. An investment in the shares of another fund is subject to the risks associated with that fund’s portfolio securities. To the extent the Fund invests in shares of another fund, Fund shareholders would indirectly pay a portion of that fund’s expenses, including advisory fees, brokerage and other distribution expenses. These fees and expenses are in addition to the direct expenses of the Fund’s own operations. Common Shareholders would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies. The securities of other investment companies may also be leveraged and will therefore be subject to similar leverage risks to which the Fund is subject. As described in the sections entitled “Use of Leverage” in this prospectus summary and “Use of Leverage—Leverage Risk” in this prospectus, the net asset value and market value of leveraged shares will be more volatile and the yield to shareholders will tend to fluctuate more than the yield generated by unleveraged shares. Investment companies may have investment policies that differ from those of the Fund. In addition, to the extent the Fund invests in other investment companies, the Fund will be dependent upon the investment and research abilities of persons other than the Investment Manager. The Fund’s investments in other investment companies may be limited by tax considerations. Investments in investment companies that invest primarily in MLPs will have different tax characteristics than equity securities of MLPs.
Derivatives Transactions. The Fund may, but is not required to, use, without limit, various derivatives transactions described below to seek to generate return, facilitate portfolio management and mitigate risks. Although the Investment Manager may seek to use these kinds of transactions to further the Fund’s investment objective, no assurance can be given that it will achieve this result. The Fund may enter into (buy or sell) exchange-listed and over-the-counter ("OTC") put and call options on securities (including securities of investment companies and baskets of securities), indices, and other financial instruments; purchase and sell financial futures contracts and options thereon; enter into various interest rate transactions, such as swaps, caps, floors or collars or credit transactions; equity index, total return and credit default swaps; forward contracts; and structured investments. In addition, the Fund may enter into various currency transactions, such as forward currency contracts, currency futures contracts, currency swaps or options on currency or currency futures. The Fund also may purchase and sell derivative instruments that combine features of these instruments. The Fund may invest in other types of derivatives, structured and similar instruments which are not currently available but which may be developed in the future. Collectively, all of the above are referred to as “Derivatives Transactions.”

Derivatives Transactions can be highly volatile and involve various types and degrees of risk, depending upon the characteristics of the particular derivative, including the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction and illiquidity of the derivative instruments. Derivatives Transactions may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on the Fund’s performance, effecting a form of investment leverage on the Fund’s portfolio. In certain types of Derivatives Transactions the Fund could lose the entire amount of its investment; in other types of Derivatives Transactions the potential loss is theoretically unlimited.

The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for Derivatives Transactions. The Fund could experience losses if it were unable to liquidate its position because of an illiquid secondary market. Although both OTC and exchange-traded derivatives markets may experience the lack of liquidity, OTC non-standardized Derivative Transactions are generally less liquid than exchange-traded instruments. The illiquidity of the derivatives markets may be due to various factors, including congestion, disorderly markets, limitations on deliverable supplies, the participation of speculators, government regulation and intervention, and technical and operational or system failures. In addition, the liquidity of a secondary market in an exchange-traded derivative contract may be adversely affected by “daily price fluctuation limits”
established by the exchanges which limit the amount of fluctuation in an exchange-traded contract price during a single trading day. Once the daily limit has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open positions. Prices have in the past moved beyond the daily limit on a number of consecutive trading days. If it is not possible to close an open derivative position entered into by the Fund, the Fund would continue to be required to make cash payments of variation (or mark-to-market) margin in the event of adverse price movements. In such a situation, if the Fund has insufficient cash, it may have to sell portfolio securities to meet variation margin requirements at a time when it may be disadvantageous to do so. The absence of liquidity may also make it more difficult for the Fund to ascertain a market value for such instruments. The inability to close Derivatives Transactions positions also could have an adverse impact on the Fund’s ability to effectively hedge its portfolio.

Successful use of Derivatives Transactions also is subject to the ability of the Investment Manager to predict correctly movements in the direction of the relevant market and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the derivatives. Derivatives Transactions entered into to seek to manage the risks of the Fund’s portfolio of securities may have the effect of limiting gains from otherwise favorable market movements. The use of Derivatives Transactions may result in losses greater than if they had not been used (and a loss on a Derivatives Transaction position may be larger than the gain in a portfolio position being hedged), may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold a security that it might otherwise sell. Amounts paid by the Fund as premiums and cash or other assets held as collateral with respect to Derivatives Transactions may not otherwise be available to the Fund for investment purposes. The use of currency transactions can result in the Fund incurring losses as a result of the imposition of exchange controls, political developments, government intervention or failure to intervene, suspension of settlements or the inability of the Fund to deliver or receive a specified currency.

Structured notes and other related instruments carry risks similar to those of more traditional derivatives such as futures, forward and option contracts. However, structured instruments may entail a greater degree of market risk and volatility than other types of debt obligations.

The Fund will be subject to credit risk with respect to the counterparties to certain Derivatives Transactions entered into by the Fund. Derivatives may be purchased on established exchanges or through privately negotiated OTC transactions. Each party to an OTC derivative bears the risk that the counterparty will default.
If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. The counterparty risk for cleared Derivatives Transactions is generally lower than for uncleared OTC Derivatives Transactions since generally a clearing organization becomes substituted for each counterparty to a cleared derivative contract and, in effect, guarantees the parties’ performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy their obligations to the Fund.

The Investment Manager has claimed an exclusion from the definition of commodity pool operator with respect to the Fund and, therefore, is not subject to registration with the U.S. Commodity Futures Trading Commission (“CFTC”) pursuant to CFTC rule 4.5 or regulation as a commodity pool operator under the Commodity Exchange Act with respect to the Fund.

Option Strategy. The Fund may write (or sell) put or call options on indexes or securities with the intention of earning option premiums. In addition, the Fund may write call options if it desires to exit a position when the price of the underlying security rises to a particular level or it may write put options if it desires to acquire an investment at a price below the market price. The Fund may also engage in these transactions in an effort to profit from market movements. The options that the Fund writes may be covered or uncovered. The extent to which the Fund uses the Option Strategy, if at all, will be based on market conditions and will vary from time to time. Under normal market conditions, the notional value of the uncovered (i.e., naked) call options written by the Fund will not exceed 20% of the value of the Fund’s Managed Assets.

An option on a security or index is a contract that gives the holder of the option, in return for a premium, the right (but not the obligation) to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the security underlying the option (or the cash value of the index underlying the option) at a specified price (the “exercise price”). Upon exercise, the writer of an option on a security has the obligation to deliver the underlying security upon payment of the exercise price or to pay the exercise price upon delivery of the underlying security. Upon exercise, the writer of an option on an index is required to pay the difference between the cash value of the index and the exercise price multiplied by the specified multiplier for the index option. When the Fund writes (i.e., sells) a call option on a security held by the Fund (or a security that the Fund has the right to acquire at the same or lesser price than the exercise price of the written call), the written call option is called a “covered call.” If the
Fund does not own the security underlying the written call option, or a right to acquire the security underlying the written call option at a price the same or lesser than the exercise price of the written call option, the written call option is known as a “naked call.” Similarly, when the Fund writes (i.e., sells) a put option, the position is considered covered if it owns a corresponding short position in the reference security and naked if the Fund does not own a corresponding short position in the reference security.

The values of options are determined by trading activity in the broad options markets and will be affected by, among other factors, changes in the value of the underlying securities (including those comprising an index) in relation to the exercise price, changes in dividend rates of underlying securities, changes in interest or currency rates, changes in actual or perceived volatility of the stock market and the time remaining until the expiration date.

Call option writing will reduce the potential to benefit from any appreciation in the portion of the Fund’s stock portfolio with respect to which call options are written. In effect, the Fund forgoes, during the life of the option, the opportunity to profit from increases in the market value of the underlying security or securities held by the Fund with respect to which the option was written above the sum of the premium and the exercise price. For index options, this will depend, in part, on the extent of correlation of the performance of the Fund’s portfolio securities with the performance of the relevant index. Put option writing exposes the Fund to the risk that it may be required to purchase the underlying security for an exercise price higher than its then-current market price, resulting in a loss on exercise equal to the amount by which the market price of the security is below the exercise price minus the premium received.

When the Fund writes a naked call option (i.e., without holding the underlying security or instrument), the amount of the Fund’s potential loss would be theoretically unlimited. Put option writing exposes the Fund to the risk that it may be required to purchase the underlying security for an exercise price higher than its then-current market price, resulting in a loss on exercise equal to the amount by which the market price of the security is below the exercise price minus the premium received.

The Fund generally writes options that are “at-the-money” (the exercise price of the option is equal to the value of the underlying index or stock when the option is written) or “close-to-the-money” (with an exercise price close to the current cash value of the underlying index or the market value of the underlying security when the option is written), but reserves the flexibility to write options that are more substantially “out-of-the-money” (with an exercise price above the current cash value of the underlying index or the market value of the underlying security when the option is written) or are “in-the-money” (with an exercise price below the current cash value of the underlying index or
market value of the underlying security when the option is written), based on market conditions and other factors.

A securities index assigns relative values to the securities included in the index (which change periodically), and the index fluctuates with changes in the market values of those securities. An index option typically relates to the securities included in that index. The exercise of an index option requires a cash payment and does not involve the actual purchase or sale of securities. The Fund may write options on “broad-based” market indexes, as well as on narrower indexes, such as those in respect of select sectors. The Fund also may write options on ETFs and other similar instruments designed to correlate with the performance of an index or market segment. The Fund may write options on select sectors and single stocks. The underlying instruments on which the Fund writes options may be sponsored or issued by, or representative of, U.S. or foreign (non-U.S.) indexes or entities.

The Fund may write listed/exchange-traded options contracts, as well as unlisted OTC options, particularly with respect to options on foreign securities or indexes. OTC options are not originated and standardized by any exchange or clearinghouse and are not listed and traded on an options exchange, and therefore involve increased liquidity, counterparty and other risks. See “Principal Risks—Option Strategy Risk.”

**Illiquid Securities.** The Fund may invest up to 20% of its Managed Assets in investments that may be illiquid (i.e., securities that are not readily marketable), which may include MLPs and Energy Investments and investments that are not MLPs and Energy Investments. The Board of Directors or its delegate has the ultimate authority to determine which securities are liquid or illiquid for purposes of this 20% limitation. The Board of Directors has delegated to the Investment Manager the day-to-day determination of the illiquidity of any security held by the Fund, although it has retained general oversight and ultimate responsibility for such determinations. The Board of Directors and/or the Investment Manager will consider factors such as (i) the nature of the market for a security (including the institutional private resale market; the frequency of trades and quotes for the security; the number of dealers willing to purchase or sell the security; the amount of time normally needed to dispose of the security; and the method of soliciting offers and the mechanics of transfer), (ii) the terms of certain securities or other instruments allowing for the disposition to a third party or the issuer thereof (e.g., certain repurchase obligations and demand instruments) and (iii) other permissible relevant factors.

**Temporary Defensive Positions.** For temporary defensive purposes or to keep cash on hand fully invested, and following the offering of the Common Shares pending investment in securities that meet the Fund’s investment objective, the Fund may invest up to 100% of its total assets in cash, cash equivalents, government securities and short-term fixed income securities. When and to the extent the Fund
assumes a temporary defensive position, the Fund may not pursue or achieve its investment objective.

**Portfolio Turnover.** The Fund may engage in portfolio trading when considered appropriate, but short-term trading will not be used as the primary means of achieving the Fund’s investment objective. There are no limits on portfolio turnover, and investments may be sold without regard to length of time held when, in the opinion of the Investment Manager, investment considerations warrant such action. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. High portfolio turnover may result in the realization of net short-term capital gains, which would be taxable as ordinary income to Common Shareholders that hold shares in a taxable account when distributed to such shareholders.

For additional information about the Fund’s portfolio composition, see “Investment Objective and Policies.”

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**Comparison with Direct Investments in MLPs**

The Fund seeks to provide Common Shareholders with investment exposure to MLPs and Energy Investments. An investment in the Fund offers investors several potential advantages as compared to direct investments in MLPs and other MLPs and Energy Investments, including the following:

- **Diversification of MLPs and Energy Investments.** An investment in the Fund offers diversification among a number of MLPs and Energy Investments through a single investment vehicle.

- **Simplified tax reporting.** Investors in the Fund, while gaining exposure to multiple MLPs, will receive a single Form 1099, while direct MLP investors receive Schedules K-1 from each MLP in which they invest. Also, direct MLP investors may be required to file state income tax returns for each state in which the MLP operates, while investors in the Fund will not be required to file state income tax returns in any state in which they are not otherwise required to file tax returns.

- **Access to investments typically unavailable to retail investors.** In addition to publicly-traded MLPs and Energy Investments, the Fund may invest in MLPs through direct placements of restricted securities. Direct placements may offer the potential for increased returns, but are typically only available to institutional investors, such as the Fund. These investments may entail greater risks than investments in publicly traded MLPs and Energy Investments.

- **Potential for inclusion in IRAs and other retirement accounts.** Because the Fund’s distributions are not considered unrelated business taxable income ("UBTI"), IRAs, 401(k) plans and other employee benefit plans that are sensitive to UBTI may invest in the Fund.
Costs Associated with Investments in a Fund as Opposed to Direct Investments in MLPs. Like shareholders in other investment companies, Common Shareholders of the Fund will bear the operating costs of the Fund, including management fees, custody and administration and the costs of operating as a public company in addition to the cost relating to direct investments in MLPs. The Subsidiary is required to pay federal and state income tax, such that income earned through the Subsidiary will be subject to two layers of taxation: that is, the income is taxed once at the Subsidiary level and then again when the income is distributed by the Fund to Common Shareholders. The Fund may be required to pay state income tax at the Fund level. The Fund will also be subject to increased risks and costs to the extent its exposure to MLPs is obtained through derivatives or other pooled investment vehicles. See “Principal Risks of the Fund—Derivatives Transactions Risks” and “—Risks of Investing in Other Investment Companies.”

Use of Leverage ....................... The Fund may seek to enhance the level of its current distributions to its Common Shareholders through the use of leverage. Under the 1940 Act, the Fund may use leverage through borrowings in an aggregate amount of up to $33\frac{1}{3}\%$ of the Fund’s Managed Assets immediately after such borrowings. After the Fund has fully invested the net proceeds of this offering, the Fund currently intends to borrow money from certain financial institutions (“Borrowings”) in an initial aggregate amount (together with any leverage used by the Subsidiary) of approximately 30\% (as determined immediately after such Borrowings) of the value of its Managed Assets. Although the Fund currently does not intend to do so, the Fund also may use leverage through the issuance of Preferred Shares in an aggregate amount of up to 50\% of the Fund’s Managed Assets immediately after such issuance. In addition to Borrowings and the issuance of Preferred Shares, the Fund may enter into certain investment management strategies, such as Reverse Repurchase Agreements or Derivatives Transactions (collectively, “effective leverage”), to achieve leverage.

The Fund considers effective leverage to result from any investment strategy which is used to increase gross investment exposure in excess of the Fund’s net asset value. Effective leverage does not include exposure obtained for hedging purposes, from securities lending, or to manage the Fund’s interest rate exposure. The Fund will not enter into any leverage transaction if, immediately after such transaction, the Fund’s total leverage including any Borrowings and Preferred Shares and effective leverage incurred exceeds 50\% of the Fund’s Managed Assets. In accordance with the 1940 Act and related guidance, it is possible that after entering into a leveraging transaction, the assets of the Fund decline due to market conditions such that this 50\% limit will be exceeded. In that case, the leverage risk to Common Shareholders will increase. The Fund does not currently anticipate issuing any Preferred Shares and/or debt securities other than Borrowings.

There is no assurance that the Fund will utilize leverage or, if leverage is utilized, that it will be successful in enhancing the level of its cash distributions or total return. The net asset value of the Fund’s
Common Shares may be reduced by the issuance or incurrence costs of any leverage. Through leveraging, the Fund will seek to obtain a higher return for Common Shareholders than if the Fund did not utilize leverage. Leverage is a speculative technique and there are special risks and costs associated with leverage. There can be no assurance that a leveraging strategy will be successful during any period in which it is employed. When leverage is used, the net asset value and market price of the Common Shares and the yield to Common Shareholders will be more volatile. In addition, because the fees received by the Investment Manager are based on the Managed Assets of the Fund (including the liquidation preference of Preferred Shares, the principal amount of outstanding Borrowings and the proceeds of any Reverse Repurchase Agreements), the Investment Manager has a financial incentive for the Fund to use certain forms of leverage (e.g., Borrowings, Preferred Shares and Reverse Repurchase Agreements), which may create a conflict of interest between the Investment Manager, on the one hand, and the Common Shareholders, on the other hand. See “Use of Leverage—Leverage Risk”.

In order to seek to reduce interest rate risk if the Fund engages in leverage through Borrowings, the Fund may enter into interest rate swap or cap transactions as to all or a portion of Fund leverage. The use of interest rate swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, the Fund would agree to pay to the other party to the interest rate swap (which is known as the “counterparty”) a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund a variable rate payment that is intended to approximate the Fund’s variable rate payment obligation on leverage. See “Use of Leverage—Interest Rate Transactions.”

So long as the Fund is able to realize a higher net return on its investment portfolio than the then-current cost of any leverage together with other related expenses, the effect of the leverage will be to cause Common Shareholders to realize higher current net investment income than if the Fund were not so leveraged. On the other hand, to the extent that the then current cost of any leverage, together with other related expenses, approaches the net return on the Fund’s investment portfolio, the benefit of leverage to Common Shareholders will be reduced, and if the then-current cost of any leverage were to exceed the net return on the Fund’s portfolio, the Fund’s leveraged capital structure would result in a lower rate of return to Common Shareholders than if the Fund were not so leveraged. The use by the Fund of leverage through Reverse Repurchase Agreements involves additional risks, including the risk that the market value of the securities that the Fund is obligated to repurchase may decline below the repurchase price, the risk that the Fund will be required to sell securities at inopportune times or prices in order to repay leverage and the risk that the counterparty may be unable to return the securities to the Fund. See “Use of Leverage—Leverage Risk.”
As noted above, the Fund may engage in various Derivatives Transactions described in this prospectus to seek to generate return, facilitate portfolio management and mitigate risks. Although certain Derivatives Transactions are not treated as leverage for purposes of the limits set forth above, certain Derivatives Transactions effect a form of economic leverage on the Fund’s portfolio and may be subject to the risks associated with the use of leverage. See “Investment Objective and Policies—Derivatives Transactions.”

**Investment Manager**

Cohen & Steers Capital Management, Inc. is the investment manager of the Fund pursuant to an investment management agreement (the “Investment Management Agreement”). The Investment Manager was formed in 1986, and as of December 31, 2012 had $45.8 billion in assets under management. Its clients include pension plans, endowment funds and registered investment companies, including some of the largest open-end and closed-end real estate funds. The Investment Manager is a wholly owned subsidiary of Cohen & Steers, Inc., a publicly traded company whose common stock is listed on the NYSE under the symbol “CNS.” The Investment Manager will be responsible for the management of the Fund’s portfolio. See “Management of the Fund—Investment Management Agreement.” The Investment Manager will have responsibility for providing administrative services and assisting the Fund with operational needs pursuant to an administration agreement (the “Administration Agreement”). The Fund also has entered into an agreement with U.S. Bancorp Fund Services, LLC to perform certain administrative functions subject to the supervision of the Investment Manager. The Investment Manager will also provide investment management services to the Subsidiary. See “Management of the Fund.”

**Fees and Expenses**

The Fund will pay the Investment Manager a monthly fee computed at the annual rate of 1.00% of average daily Managed Assets. See “Management of the Fund—Investment Manager.” If the Fund utilizes leverage, the fees paid to the Investment Manager for investment advisory and management services will be higher than if the Fund did not utilize leverage because the fees paid will be calculated based on the Fund’s Managed Assets, which include the liquidation preference of Preferred Shares, the principal amount of outstanding Borrowings and the proceeds of any Reverse Repurchase Agreements. The Fund’s investment management fees and other expenses are paid only by the Common Shareholders, and not by holders of Preferred Shares, if any. See “Use of Leverage.”

The Investment Manager will provide investment management services to the Subsidiary, and the costs of such services will be paid by the Subsidiary and therefore borne by the Subsidiary’s sole shareholder, the Fund. The total investment management fees charged to the Fund and the Subsidiary on a consolidated basis will not exceed the investment management fee rate set forth in the “Annual Expenses” table. See “Summary of Fund Expenses.”
Listing and Symbol

The Fund’s shares have been approved for listing on the NYSE, subject to notice of issuance, under the symbol “MIE.”

Distributions

Subject to the determination of the Fund’s Board of Directors to implement a Managed Dividend Policy (as defined below), commencing with the Fund’s first regular distribution, the Fund intends to make regular quarterly cash distributions to Common Shareholders at a level rate based on the projected performance of the Fund, which rate is a fixed dollar amount which may be adjusted from time to time (a “Level Rate Distribution Policy”). The tax treatment and characterization of the Fund’s distributions may vary significantly from time to time because of the varied nature of the Fund’s investments. The ultimate tax characterization of the Fund’s distributions made in a taxable year cannot be determined finally until after the end of that taxable year. Over time, the Fund will distribute all of its net investment income. In addition, at least annually, the Fund intends to distribute all of its net realized capital gains. The Fund expects to declare the initial quarterly dividend on the Common Shares within approximately 60-90 days, and to pay approximately 120 days, from the completion of this offering depending on market conditions. At times, to maintain a stable level of distributions, the Fund may pay out less than all of its net investment income or, in addition to paying out current net investment income, the Fund may pay out accumulated undistributed income, or may return capital.

The Fund may rely on an exemptive order from the Securities and Exchange Commission received by the Investment Manager and certain closed-end funds managed by the Investment Manager to implement a dividend policy that would permit the Fund to include long-term capital gains in Fund distributions more frequently than is permitted under the 1940 Act (a “Managed Dividend Policy”). If, for any distribution, net investment income and net realized capital gains were less than the amount of the distribution, the difference would be distributed from the Fund’s assets and may constitute a return of capital, which is tax-free to the Common Shareholders, up to the amount of the stockholder’s tax basis in the applicable Common Shares, with any amounts exceeding such basis treated as gain from the sale of such Common Shares.

A Level Rate Distribution Policy or a Managed Dividend Policy would result in the payment of distributions in approximately the same amount or percentage to Common Shareholders each quarter. If the source of the dividend or other distribution were the original capital contribution of the Common Shareholder, and the payment amounted to a return of capital, the Fund would be required to provide written disclosure to that effect. Nevertheless, Common Shareholders who periodically receive the payment of a dividend or other distribution may be under the impression that they are receiving net profits when they are not. Common Shareholders should read any written disclosure regarding dividends or other distributions carefully,
and should not assume that the source of any distribution from the Fund is net profits. See “Dividends and Distributions.”

**Dividend Reinvestment Plan**

The Fund has a dividend reinvestment plan (the “Plan”) commonly referred to as an “opt-out” plan. Each Common Shareholder who participates in the Plan will have all distributions of dividends automatically reinvested in additional Common Shares. Common Shareholders who elect not to participate in the Plan will receive all distributions in cash. Shareholders whose Common Shares are held in the name of a broker or nominee should contact the broker or nominee to determine whether and how they may participate in the Plan. See “Dividends and Distributions—Dividend Reinvestment Plan” and “Taxation.”

**Custodian, Transfer Agent, Dividend Disbursing Agent and Registrar**

U.S. Bank National Association, an affiliate of U.S. Bancorp Fund Services, LLC, will act as custodian for the Fund and the Subsidiary, and Computershare Shareowner Services LLC (“Computershare”) will act as transfer agent, dividend disbursing agent and registrar for the Fund. See “Custodian, Transfer Agent, Dividend Disbursing Agent and Registrar.”

**Tax Considerations**

The Fund intends to elect and to qualify annually for treatment as a RIC under Subchapter M of the Code. For each taxable year in which the Fund qualifies for treatment as a RIC, it will not be subject to U.S. federal income tax at the Fund level on investment income or capital gain distributed in a timely manner to its shareholders in the form of dividends. In order for the Fund to qualify as a RIC, it must meet requirements with respect to the sources of its income, diversification of its assets and distributions to shareholders each year. If the Fund were to fail to qualify for treatment as a RIC in any year, the Fund would be treated as a regular corporation, or a C corporation, for U.S. federal income tax purposes, subject to U.S. federal income tax on its taxable income at corporate rates, and would be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions before re-qualifying as a RIC that is accorded the special tax treatment described above. Whether or not the Fund qualifies for treatment as a RIC for U.S. federal income tax purposes, it may be subject to state income tax at the Fund level.

The MLPs in which the Fund will invest will generally be “master limited partnerships.” Master limited partnerships are generally organized under state law as limited partnerships or limited liability companies. If “publicly traded” within the meaning of Section 7704 of the Code, master limited partnerships must derive at least 90% of their gross income in a taxable year from qualifying sources as described in such Section in order to be taxed as partnerships for U.S. federal income tax purposes that year. Provided they are treated as partnerships for U.S. federal income tax purposes, MLPs generally have no U.S. federal income tax liability at the entity level.
The Fund’s investments in MLPs and certain Energy Investments are limited by its intention to qualify as a RIC and could bear on its ability to so qualify. The tax diversification requirement applicable to RICs limits a RIC’s investments in “qualified publicly traded partnerships” (“QPTPs”) at the close of each quarter of the RIC’s taxable year to 25% of the RIC’s total assets. The Fund expects the majority of the MLPs in which it invests to constitute QPTPs. As a result, at the close of each quarter of its taxable year, the Fund will have invested no more than 25% of its total assets in MLPs. Certain Energy Investments could be characterized for purposes of the RIC diversification requirement as investments in QPTPs. The Fund will also invest in a wholly-owned Subsidiary that, in turn, invests in MLPs that are QPTPs and potentially other QPTPs. It is possible that the IRS will take the view that the securities held by the Subsidiary must be aggregated with the Fund’s direct holdings for purposes of the 25% diversification test. The Fund does not believe that such a view would prevail, but if the IRS were successful in this position the Fund would not meet the RIC diversification requirement. The tax diversification requirement applicable to RICs also limits the Fund’s investment in the Subsidiary at the close of each quarter of the Fund’s taxable year to 25% of the Fund’s total assets.

The Subsidiary will be treated as a regular corporation, or a C corporation, for U.S. federal income tax purposes. As such, the Subsidiary will be subject to U.S. federal income tax and applicable state corporate income and franchise taxes on its taxable income.

The types of MLPs in which the Fund intends to invest have historically made cash distributions to limited partners or members that exceed the amount of taxable income allocable to limited partners or members, due to a variety of factors, including significant non-cash deductions such as depreciation and depletion. If the cash distributions exceed the taxable income reported in a particular tax year, the excess cash distributions would not be treated as income to the Fund or its Subsidiary in that tax year but rather would be treated as a return of capital for U.S. federal income tax purposes to the extent of the Fund’s or Subsidiary’s basis in the MLP units. If the Fund distributes a portion or all of such excess cash that is not supported by other income of the Fund, the distribution will be treated as a return of capital to Common Shareholders. At other times, an MLP’s taxable income may exceed the amount of cash it has available for distribution. In such a case, the Fund may recognize taxable income on its investments in MLPs in excess of the cash generated by such investments, and could be required to liquidate investments, including when not otherwise advantageous to do so, in order to satisfy the distribution requirements for treatment as a RIC. For the same reasons, the Subsidiary may incur a corporate income tax expense in the absence of the receipt of cash. In addition, any gain treated as so-called “recapture income,” either upon the sale of an MLP interest by the Fund or the Subsidiary or upon the sale by an MLP of property held by it, including in excess of economic gain
thereon, will be treated as ordinary income. Distributions out of earnings and profits by the Subsidiary to the Fund will be treated as dividend income to the Fund and taxable as such to Common Shareholders when distributed to them, which dividend income may qualify for the special treatment accorded “qualified dividend income” for individual shareholders and may be eligible for the dividends-received deduction for corporate shareholders.

The tax treatment and characterization of the Fund’s distributions may vary significantly from time to time because of the varied nature of the Fund’s income and cash distribution from its investments in MLPs and other sources. The tax characterization of the Fund’s distributions made in a taxable year cannot finally be determined until at or after the end of the year. Although return of capital distributions are not taxable, such distributions would reduce the basis of a shareholder’s Common Shares and therefore may increase a Common shareholder’s tax liability upon a sale of such shares.

Principal Risks of the Fund

The Fund is a newly organized, non-diversified, closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objective.

No Operating History. As a newly-organized entity, the Fund has no operating history. See “The Fund.”

Investment Risk. An investment in the Fund is subject to investment risk, including the possible loss of the entire principal amount that you invest.

Market Risk. Your investment in Common Shares represents an indirect investment in the securities owned by the Fund or the Subsidiary, a significant portion of which are traded on a national securities exchange or in the OTC markets. The value of these securities, like other investments, may move up or down, sometimes rapidly and unpredictably. Your Common Shares at any point in time may be worth less than what you invested, even after taking into account the reinvestment of Fund dividends and distributions. The Fund may utilize leverage, which magnifies the market risk. See “Use of Leverage—Leverage Risk” and “Principal Risks of the Fund—Market Risk.”

Risks of Equity Securities of MLPs.

- Limited Partner Risk. An investment in MLPs involves risks that differ from a similar investment in equity securities, such as common stock, of a corporation. Holders of equity securities issued by MLPs have the rights typically afforded to limited partners in a limited partnership. As compared to common shareholders of a corporation, holders of such equity securities have more limited control and limited rights to vote on matters affecting the
partnership. There are certain tax risks associated with an investment in equity MLP units (described further under “Tax Risks” below). Additionally, conflicts of interest may exist among common unit holders, subordinated unit holders and the general partner or managing member of an MLP; for example a conflict may arise as a result of incentive distribution payments.

- Affiliated Party Risk. Certain MLPs in which the Fund may invest depend upon their parent or sponsor entities for the majority of their revenues. If their parent or sponsor entities fail to make such payments or satisfy their obligations, the revenues and cash flows of such MLPs and ability of such MLPs to make distributions to unit holders, such as the Fund, would be adversely affected.

- General Equity Securities Risk. Equity securities issued by MLPs also are subject to the risks associated with all equity investments, including the risk that the value of such securities will fall due to general market or economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate, changes in interest rates, and the particular circumstances and performance of particular companies whose securities the Fund holds. The price of an equity security of an issuer may be particularly sensitive to general movements in the stock market, or a drop in the stock market may depress the price of most or all of the equity securities held by the Fund. In addition, equity securities of MLPs and MLP affiliates held by the Fund may decline in price if the issuer fails to make anticipated distributions or dividend payments because, among other reasons, the issuer experiences a decline in its financial condition.

- Risks of MLP Subordinated Units. MLP subordinated units typically are convertible to MLP common units at a one-to-one ratio. The price of MLP subordinated units is typically tied to the price of the corresponding MLP common unit, less a discount. The size of the discount depends upon a variety of factors, including the likelihood of conversion, the length of time remaining until conversion and the size of the block of subordinated units being purchased or sold.

**Risks of Debt Securities of MLPs.** Debt securities issued by MLPs are subject to the risks associated with all debt investments, including interest rate risk, credit risk and lower rated securities risk. See “Principal Risks of the Fund—Interest Rate Risk” and “—Credit and Below Investment Grade Securities Risk.”

**Risks of the Securities of MLP Affiliates and MLP I-Shares.** Securities of MLP affiliates and MLP I-Shares represent an indirect investment in the equity securities of MLPs. Prices and volatilities of the securities of MLP affiliates and MLP I-Shares tend to correlate to the price of MLP common units. Holders of the securities of MLP affiliates and MLP I-Shares are therefore subject to the same risks as holders of equity securities of MLPs.
Risks of MLP Funds. Investment companies that invest significantly in MLPs are subject to the risks associated with all investment companies. See “Principal Risks of the Fund—Risks of Investing in Other Investment Companies.”

Risks of ETNs. ETNs are subject to the credit risk of the sponsoring institution. ETNs that track the performance of MLPs or MLP indices are also subject to the risks applicable to investments in MLPs.

Energy Sector Risks. Because the Fund will invest at least 80% of its Managed Assets in MLPs and Energy Investments, the Fund will be subject to more risks related to the energy sector than if the Fund were more broadly diversified over numerous sectors of the economy. A downturn in the energy sector of the economy could have a larger impact on the Fund than on an investment company that does not concentrate in the sector. At times, the performance of securities of companies in the sector may lag the performance of other sectors or the broader market as a whole. In addition, there are several specific risks associated with investments in the energy sector, including the following:

• Commodity Price Risk. MLPs and other entities operating in the energy sector may be affected by fluctuations in the prices of energy commodities, including, for example, natural gas, natural gas liquids, crude oil and coal, in the short- and long-term. Fluctuations in energy commodity prices would impact directly companies that own such energy commodities and could impact indirectly companies that engage in transportation, storage, processing, distribution or marketing of such energy commodities. Fluctuations in energy commodity prices can result from changes in general economic conditions or political circumstances (especially of key energy producing and consuming countries); market conditions; weather patterns; domestic production levels; volume of imports; energy conservation; domestic and foreign governmental regulation; international politics; policies of the Organization of Petroleum Exporting Countries (“OPEC”); taxation; tariffs; and the availability and costs of local, intrastate and interstate transportation methods. The energy sector as a whole may also be impacted by the perception that the performance of energy sector companies is directly linked to commodity prices. High commodity prices may drive further energy conservation efforts, and a slowing economy may adversely impact energy consumption, which may adversely affect the performance of MLPs and other companies operating in the energy sector. Recent economic and market events have fueled concerns regarding potential liquidations of commodity futures and options positions.

• Depletion Risk. MLPs and other entities engaged in the exploration, development, management or production of energy commodities face the risk that commodity reserves are depleted over time. Such companies seek to increase their reserves through expansion of their current businesses, acquisitions, further
development of their existing sources of energy commodities, exploration of new sources of energy commodities or by entering into long-term contracts for additional reserves; however, there are risks associated with each of these potential strategies. If such companies fail to acquire additional reserves in a cost-effective manner and at a rate at least equal to the rate at which their existing reserves decline, their financial performance may suffer. Additionally, failure to replenish reserves could reduce the amount and affect the tax characterization of the distributions paid by such companies.

- **Supply and Demand Risk.** MLPs and other entities operating in the energy sector could be adversely affected by reductions in the supply of or demand for energy commodities. The volume of production of energy commodities and the volume of energy commodities available for transportation, storage, processing or distribution could be affected by a variety of factors, including depletion of resources; depressed commodity prices; catastrophic events; labor relations; increased environmental or other governmental regulation; equipment malfunctions and maintenance difficulties; import volumes; international politics, policies of OPEC; and increased competition from alternative energy sources. Alternatively, a decline in demand for energy commodities could result from factors such as adverse economic conditions (especially in key energy-consuming countries); increased taxation; increased environmental or other governmental regulation; increased fuel economy; increased energy conservation or use of alternative energy sources; legislation intended to promote the use of alternative energy sources; or increased commodity prices.

- **Regulatory Risk.** The energy sector is highly regulated. MLPs and other entities operating in the energy sector are subject to significant regulation of nearly every aspect of their operations by federal, state and local governmental agencies. Such regulation can change over time in both scope and intensity. For example, a particular input or by-product may be declared hazardous by a regulatory agency and unexpectedly increase production costs. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may adversely affect the financial performance of MLPs. Specifically, the operations of wells, gathering systems, pipelines, refineries and other facilities are subject to stringent and complex federal, state and local environmental laws and regulations. These include, for example:
  - the federal Clean Air Act and comparable state laws and regulations that impose obligations related to air emissions;
the federal Clean Water Act and comparable state laws and regulations that impose obligations related to discharges of pollutants into regulated bodies of water;

the federal Resource Conservation and Recovery Act ("RCRA") and comparable state laws and regulations that impose requirements for the handling and disposal of waste from facilities; and

the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), also known as "Superfund," and comparable state laws and regulations that regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by MLPs or at locations to which they have sent waste for disposal.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements, and the issuance of orders enjoining future operations. Certain environmental statutes, including RCRA, CERCLA, the federal Oil Pollution Act and analogous state laws and regulations, impose strict, joint and several liability for costs required to clean up and restore sites where hazardous substances have been disposed of or otherwise released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances or other waste products into the environment.

There is an inherent risk that MLPs and other entities operating in the energy sector may incur environmental costs and liabilities due to the nature of their businesses and the substances they handle. For example, an accidental release from wells or gathering pipelines could subject them to substantial liabilities for environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage, and fines or penalties for related violations of environmental laws or regulations. Moreover, the possibility exists that stricter laws, regulations or enforcement policies could significantly increase the compliance costs of MLPs and other entities operating in the energy sector, and the cost of any remediation that may become necessary. MLPs and other entities operating in the energy sector may not be able to recover these costs from insurance.

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

- **Acquisition Risk.** MLPs may be dependent upon the ability of the MLPs to make acquisitions that increase adjusted operating surplus per unit in order to increase distributions to unit holders. The ability of MLPs to make future acquisitions is dependent on their ability to identify suitable targets, negotiate favorable purchase contracts, obtain acceptable financing and outbid competing potential acquirers. To the extent that MLPs are unable to make future acquisitions, or such future acquisitions fail to increase the adjusted operating surplus per unit, their growth and ability to make distributions to investors will be limited. There are risks inherent in any acquisition, including erroneous assumptions regarding revenues, acquisition expenses, operating expenses, cost savings and synergies; assumption of liabilities; indemnification; customer losses; key employee defections; distraction from other business operations; and unanticipated difficulties in operating or integrating new product areas and geographic regions. Other companies operating in the energy sector may be subject to similar risks.

- **Weather Risks.** Weather plays a role in the seasonality of some MLPs’ cash flows. MLPs in the propane industry, for example, rely on the winter season to generate almost all of their earnings. In an unusually warm winter season, propane MLPs experience decreased demand for their product. Although most MLPs can reasonably predict seasonal weather demand based on normal weather patterns, extreme weather conditions, such as the hurricanes that severely damaged cities along the U.S. Gulf Coast in recent years, demonstrate that no amount of preparation can protect an MLP from the unpredictability of the weather or possible climate change. The damage done by extreme weather also may serve to increase many MLPs’ insurance premiums and could adversely affect such companies’ financial condition and ability to pay distributions to shareholders. Other companies operating in the energy sector may be subject to similar risks.

- **Catastrophic Event Risk.** MLPs and other entities operating in the energy sector are subject to many dangers inherent in the production, exploration, management, transportation, processing and distribution of natural gas, natural gas liquids, crude oil, refined petroleum and petroleum products and other hydrocarbons. These dangers include leaks, fires, explosions, damage to facilities and equipment resulting from natural disasters, inadvertent damage to facilities and equipment and terrorist acts. Since the September 11 terrorist attacks, the U.S. government has issued warnings that energy assets, specifically U.S. pipeline
infrastructure, may be targeted in future terrorist attacks. These dangers give rise to risks of substantial losses as a result of loss or destruction of commodity reserves; damage to or destruction of property, facilities and equipment; pollution and environmental damage; and personal injury or loss of life. Any occurrence of such catastrophic events could bring about a limitation, suspension or discontinuation of the operations of MLPs and other entities operating in the energy sector. MLPs and other entities operating in the energy sector may not be fully insured against all risks inherent in their business operations and therefore accidents and catastrophic events could adversely affect such companies’ financial condition and ability to pay distributions to shareholders.

Industry Specific Risks. MLPs and other entities operating in the energy sector are also subject to risks that are specific to the industry within that sector they serve.

- **Pipelines.** Pipeline companies are subject to the demand for natural gas, natural gas liquids, crude oil or refined products in the markets they serve, changes in the availability of products for gathering, transportation, processing or sale due to natural declines in reserves and production in the supply areas serviced by the companies’ facilities, sharp decreases in crude oil or natural gas prices that cause producers to curtail production or reduce capital spending for exploration activities, and environmental regulation. Demand for gasoline, which accounts for a substantial portion of refined product transportation, depends on price, prevailing economic conditions in the markets served, and demographic and seasonal factors. Companies that own interstate pipelines that transport natural gas, natural gas liquids, crude oil or refined petroleum products are subject to regulation by FERC with respect to the tariff rates they may charge for transportation services. An adverse determination by FERC with respect to the tariff rates of such a company could have a material adverse effect on its business, financial condition, results of operations and cash flows and its ability to pay cash distributions or dividends. In addition, FERC has a tax allowance policy, which permits such companies to include in their cost of service an income tax allowance to the extent that their owners have an actual or potential tax liability on the income generated by them. If FERC’s income tax allowance policy were to change in the future to disallow a material portion of the income tax allowance taken by such interstate pipeline companies, it would adversely impact the maximum tariff rates that such companies are permitted to charge for their transportation services, which would in turn could adversely affect such companies’ financial condition and ability to pay distributions to shareholders.

- **Gathering and processing.** Gathering and processing companies are subject to natural declines in the production of oil and natural gas fields, which utilize their gathering and processing facilities as a way to market their production, prolonged declines in the price of
natural gas or crude oil, which curtails drilling activity and therefore production, and declines in the prices of natural gas liquids and refined petroleum products, which cause lower processing margins. In addition, some gathering and processing contracts subject the gathering or processing company to direct commodities price risk.

- **Midstream.** Midstream MLPs collect, gather, transport and store natural resources and their byproducts (primarily crude oil, refined petroleum products and natural gas), generally without taking ownership of the physical commodity. Midstream MLPs may also operate ancillary businesses including the marketing of the products and logistical services. Midstream MLPs and other entities that provide crude oil, refined product and natural gas services are subject to supply and demand fluctuations in the markets they serve, which may be impacted by a wide range of factors including fluctuating commodity prices, weather, increased conservation or use of alternative fuel sources, increased governmental or environmental regulation, depletion, rising interest rates, declines in domestic or foreign production, accidents or catastrophic events, and economic conditions, among others.

- **Exploration and production.** Exploration, development and production companies are particularly vulnerable to declines in the demand for and prices of crude oil and natural gas. Reductions in prices for crude oil and natural gas can cause a given reservoir to become uneconomic for continued production earlier than it would if prices were higher, resulting in the plugging and abandonment of, and cessation of production from, that reservoir. In addition, lower commodity prices not only reduce revenues but also can result in substantial downward adjustments in reserve estimates. The accuracy of any reserve estimate is a function of the quality of available data, the accuracy of assumptions regarding future commodity prices and future exploration and development costs and engineering and geological interpretations and judgments. Different reserve engineers may make different estimates of reserve quantities and related revenue based on the same data. Actual oil and gas prices, development expenditures and operating expenses will vary from those assumed in reserve estimates, and these variances may be significant. Any significant variance from the assumptions used could result in the actual quantity of reserves and future net cash flow being materially different from those estimated in reserve reports. In addition, results of drilling, testing and production and changes in prices after the date of reserve estimates may result in downward revisions to such estimates. Substantial downward adjustments in reserve estimates could have a material adverse effect on a given exploration and production company’s financial position and results of operations. In addition, due to natural declines in reserves and production, exploration and production companies must economically find or acquire and develop additional reserves in order to maintain and grow their revenues and distributions.
• **Propane.** Propane MLPs are subject to earnings variability based upon weather conditions in the markets they serve, fluctuating commodity prices, increased use of alternative fuels, increased governmental or environmental regulation, and accidents or catastrophic events, among others.

• **Coal.** MLP entities and other entities with coal assets are subject to supply and demand fluctuations in the markets they serve, which may be impacted by a wide range of factors including fluctuating commodity prices, the level of their customers’ coal stockpiles, weather, increased conservation or use of alternative fuel sources, increased governmental or environmental regulation, depletion, rising interest rates, declines in domestic or foreign production, mining accidents or catastrophic events, health claims and economic conditions, among others.

• **Marine shipping.** Marine shipping (or “tanker” companies) are exposed to many of the same risks as other energy companies. In addition, the highly cyclical nature of the tanker industry may lead to volatile changes in charter rates and vessel values, which may adversely affect the earnings of tanker companies in our portfolio. Fluctuations in charter rates and vessel values result from changes in the supply and demand for tanker capacity and changes in the supply and demand for oil and oil products. Historically, the tanker markets have been volatile because many conditions and factors can affect the supply and demand for tanker capacity. Changes in demand for transportation of oil over longer distances and supply of tankers to carry that oil may materially affect revenues, profitability and cash flows of tanker companies. The successful operation of vessels in the charter market depends upon, among other things, obtaining profitable spot charters and minimizing time spent waiting for charters and traveling unladen to pick up cargo. The value of tanker vessels may fluctuate and could adversely affect the value of tanker company securities in our portfolio. Declining tanker values could affect the ability of tanker companies to raise cash by limiting their ability to refinance their vessels, thereby adversely impacting tanker company liquidity. Tanker company vessels are at risk of damage or loss because of events such as mechanical failure, collision, human error, war, terrorism, piracy, cargo loss and bad weather. In addition, changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes, boycotts and government requisitioning of vessels. These sorts of events could interfere with shipping lanes and result in market disruptions and a significant loss of tanker company earnings.

**Tax Risks.** In order to qualify as a RIC for U.S. federal income tax purposes, the Fund must meet certain asset diversification requirements, including that, at the close of each quarter of its taxable year, no more than 25% of its total assets will be invested in QPTPs.
The Fund expects that the MLPs in which the Fund invests will be QPTPs. As a result, at the close of each quarter of its taxable year, the Fund will have invested no more than 25% of the value of its total assets in MLPs. Certain Energy Investments could be characterized for purposes of the RIC diversification requirement as investments in QPTPs. The Fund’s wholly owned Subsidiary will also invest in MLPs that are QPTPs and potentially other QPTPs. It is possible that the IRS will take the view that the securities held by the Subsidiary must be aggregated with the Fund’s direct holdings for purposes of the 25% diversification test. The Fund does not believe that such a view would prevail, but if the IRS were successful in this position the Fund would not meet the RIC diversification requirement. The asset diversification requirements for RIC qualification also require that at the close of each quarter of its taxable year, the Fund invest no more than 25% of its total assets in the Subsidiary.

In order to qualify as a RIC, the Fund must also derive at least 90% of its gross income for each taxable year from sources treated as “qualifying income” under the Code. Distributions that the Fund receives from the MLPs in which the Fund invests, provided they are QPTPs, and from its taxable Subsidiary will be qualifying income for purposes of the 90% gross income test. Certain of the Funds other commodity-related investments may not give rise to qualifying income. If the Fund were to treat income or gain from a particular instrument as qualifying income and the income or gain were later determined not to constitute qualifying income and, together with any other nonqualifying income, caused the Fund’s nonqualifying income to exceed 10% of its gross income in any taxable year, the Fund would not satisfy the 90% gross income test.

In order to be eligible for taxation as a RIC, the Fund must distribute at least 90% of its “investment company taxable income” (which generally consists of ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any) and net tax-exempt interest, if any, to its Common Shareholders on an annual basis. Any leverage the Fund uses in the future could subject the Fund to asset coverage ratio requirements under the 1940 Act and to financial covenants under loan and credit agreements that could, under certain circumstances, restrict the Fund from making sufficient distributions to meet the RIC distribution requirement.

If the Fund were to fail to meet the income, diversification or distribution test described above, the Fund could in some cases cure such failure, including by paying a Fund-level tax, paying interest, making additional distributions, or disposing of certain assets. If the Fund were ineligible to or otherwise did not cure such failure for any year, the Fund would be subject to tax on its taxable income at corporate rates, and all distributions from earnings and profits would generally be taxable to Common Shareholders as ordinary income. The imposition of U.S. federal corporate taxes on the Fund could substantially reduce its net assets, the amount of income available for
distribution and the amount of its distributions. In addition, the Fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions before re-qualifying as a RIC that is accorded the special tax treatment described above.

Whether or not the Fund qualifies for treatment as a RIC, it may be subject to state income tax at the Fund level.

Master limited partnerships are generally treated as partnerships for U.S. federal income tax purposes. Partnerships do not pay U.S. federal income tax at the partnership level. Rather, each partner of a partnership, in computing its U.S. federal income tax liability, will include its allocable share of the partnership’s income, gains, losses, deductions and expenses. A change in current tax law, or a change in the business of a given master limited partnership, could result in a master limited partnership being treated as a corporation for U.S. federal income tax purposes, which would result in such master limited partnership being required to pay U.S. federal income tax on its taxable income. The classification of a master limited partnership as a corporation for U.S. federal income tax purposes would have the effect of reducing the amount of cash available for distribution by the master limited partnership to holders of its equity securities and causing any such distributions received by the Fund to be taxed as dividend income to the extent of the master limited partnership’s current or accumulated earnings and profits. Thus, if any of the master limited partnerships in which the Fund invested were treated as corporations for U.S. federal income tax purposes, the after-tax return to the Fund with respect to such investment would be materially reduced, which could cause a substantial decline in the value of the Common Shares.

The Fund’s wholly-owned Subsidiary will generally be subject to federal and state income taxes on its income, including by reason of income allocated to the Subsidiary in respect of its investments in MLPs or recognized on the sale of such investments. Such taxes will reduce the amount of cash that the Subsidiary has available to distribute to the Fund and the Fund’s net return on the Subsidiary’s investments in MLPs. Any distributions out of earnings and profits by the Subsidiary to the Fund will be treated as dividend income to the Fund and taxable as such to Common Shareholders when distributed to them, which dividend income may qualify for the special treatment accorded “qualified dividend income” for individual shareholders and may be eligible for the dividends-received deduction for corporate shareholders.

In calculating the Fund’s net asset value in accordance with generally accepted accounting principles, the Fund will account for the deferred tax liability and/or asset balances of the Subsidiary. The Subsidiary will accrue a deferred income tax liability at the effective statutory U.S. federal corporate income tax rate (currently 35%) plus an estimated state and local income tax rate, for its anticipated future tax liability. Any deferred tax liability will reduce, and any deferred tax
asset balance will increase, the Subsidiary’s and therefore the Fund’s net asset value. The Fund will periodically assess whether a valuation allowance is required to offset some or all of any deferred tax assets of the Subsidiary in connection with the calculation of its net asset value per share each week; however, to the extent the final valuation allowance differs from the estimates the Fund used in calculating its weekly net asset value, the application of such final valuation allowance could have a significant impact on the Fund’s net asset value.

In order to avoid a 4% U.S. federal excise tax, the Fund must distribute during each calendar year an amount at least equal to the sum of (1) 98% of its ordinary income treated as arising during the calendar year, (2) 98.2% of its capital gains in excess of its capital losses for the one-year period ending on October 31 (or such other date as the Fund elects, if it is eligible to and does so elect), and (3) any such ordinary income and net capital gains for preceding years that were not distributed or taxed. The Fund is dependent on the underlying entities in which it invests to provide the Fund with sufficient information in a timely manner in order to calculate the amount it must distribute to avoid the excise tax. Although the Fund intends to make sufficient distributions to avoid the 4% U.S. federal excise tax, the Fund can provide no assurance that it will be able to do so.

The Fund’s ability to meet its investment objective will depend, in part, on the level of taxable income and distributions the Fund receives from the securities in which the Fund invests, factors over which the Fund has limited control. To the extent that the Fund invests or is treated as investing in the equity securities of MLPs, the Fund will be a partner in each such MLP. Accordingly, the Fund will be required to include in its taxable income the Fund’s allocable share of the income, gains, losses, deductions and expenses recognized by each such MLP, regardless of whether the MLP distributes cash to the Fund. Historically, a significant portion of the income allocated to partners in MLPs has been offset by allocations of tax deductions to those partners. The portion, if any, of a distribution received by the Fund from an MLP that is offset by the MLP’s tax deductions, losses or credits is essentially treated as a return of capital. Those distributions will reduce the Fund’s adjusted tax basis in the equity securities of MLPs, which will result in an increase in the amount of gain (or decrease in the amount of loss) that will be recognized by the Fund for tax purposes upon the sale of any such equity securities or upon subsequent distributions in respect of such equity securities. The percentage of an MLP’s income and gains that is offset by tax deductions, losses and credits will fluctuate over time for various reasons. A significant slowdown in acquisition activity or capital spending by MLPs held in the Fund’s portfolio could result in a reduction of accelerated depreciation generated by new acquisitions, which may result in increased income allocations to the Fund. The Fund must take such income into account in determining whether the Fund has satisfied the distribution requirements applicable to RICs under the Code. The Fund may have to borrow or liquidate securities
to satisfy its distribution requirements, even though investment
considerations might otherwise make it undesirable for the Fund to
sell securities or borrow money at such time. Distributions
attributable to gain from the sale of investments in MLPs that is
characterized as ordinary income under the Code’s recapture
provisions will be taxable as ordinary income.

Changes in tax laws or regulations, or future interpretations of such
laws or regulations, could adversely affect the Fund and/or the MLPs
and Energy Investments in which the Fund invests.

For more information about U.S. federal income tax consequences of
an investment in the Fund, see “Taxation.”

*Delay in Use of Proceeds Risk.* Although the Fund currently intends
to invest the proceeds from any sale of the Common Shares offered
hereby within 60 days following the completion of this offering, such
investments may be delayed if suitable investments are unavailable at
the time. The trading market and volumes for MLP securities may at
times be less liquid than the market for other securities. Prior to the
time the proceeds of this offering are invested, such proceeds may be
invested in short-term money market instruments and U.S.
government securities, pending investment in MLPs and Energy
Investments. As a result, the return and yield on the Common Shares
for the period immediately following any offering pursuant to this
prospectus may be lower than when the Fund is fully invested in
accordance with its investment objective and policies. See “Use of
Proceeds.”

*Interest Rate Risk to MLPs and Energy Investments.* Rising interest
rates could increase the costs of capital thereby increasing operating
costs and reducing the ability of MLPs and other entities operating in
the energy sector to carry out acquisitions or expansions in a cost-
effective manner. As a result, rising interest rates could negatively
affect the financial performance of MLPs and other entities operating
in the energy sector. Rising interest rates may also impact the price of
the securities of MLPs and other entities operating in the energy
sector as the yields on alternative investments increase. These risks
may be greater in the current market environment because certain
interest rates are at historically low levels. See “Principal Risks of the
Fund—Interest Rate Risk.”

*Inflation/Deflation Risk.* Inflation risk is the risk that the value of
certain assets or income from the Fund’s investments will be worth less
in the future as inflation decreases the value of money. As inflation
increases, the real value of the Common Shares and distributions on the
Common Shares can decline. In addition, during any periods of rising
inflation, the dividend rates or borrowing costs associated with the
Fund’s use of leverage would likely increase, which would tend to
further reduce returns to Common Shareholders. Deflation risk is the
risk that prices throughout the economy decline over time—the
opposite of inflation. Deflation may have an adverse affect on the
creditworthiness of issuers and may make issuer defaults more likely, which may result in a decline in the value of the Fund’s portfolio.

**Liquidity Risk.** Although the equity securities, including those of the MLPs, in which the Fund invests generally trade on major stock exchanges, certain securities may trade less frequently, particularly those of MLPs and other issuers with smaller capitalizations. Securities with limited trading volumes may display volatile or erratic price movements. Also, the Fund may be one of the largest investors in certain sub-sectors of the energy or natural resource sectors. Thus, it may be more difficult for the Fund to buy and sell significant amounts of such securities without an unfavorable impact on prevailing market prices. Larger purchases or sales of these securities by the Fund in a short period of time may cause abnormal movements in the market price of these securities. As a result, these securities may be difficult to dispose of at a fair price at the times when the Investment Manager believes it is desirable to do so.

**Natural Resources Sector Risks.** The natural resources sector includes companies principally engaged in owning or developing non-energy natural resources (including timber and minerals) and industrial materials, or supplying goods or services to such companies. The Fund’s investments in MLPs and other entities operating in the natural resources sector will be subject to the risk that prices of these securities may fluctuate widely in response to the level and volatility of commodity prices; exchange rates; import controls; domestic and global competition; environmental regulation and liability for environmental damage; mandated expenditures for safety or pollution control; the success of exploration projects; depletion of resources; tax policies; and other governmental regulation. Investments in the natural resources sector can be significantly affected by changes in the supply of or demand for various natural resources. The value of investments in the natural resources sector may be adversely affected by a change in inflation.

**Small Capitalization Risk.** The Fund expects to invest in securities of MLPs and other issuers that have comparatively smaller capitalizations relative to issuers whose securities are included in major benchmark indexes, which presents unique investment risks. These companies often have limited product lines, markets, distribution channels or financial resources, and the management of such companies may be dependent upon one or a few key people. The market movements of equity securities issued by MLPs and other issuers with smaller capitalizations may be more abrupt or erratic than the market movements of equity securities of larger, more established companies or the stock market in general. Historically, smaller capitalization companies have sometimes gone through extended periods when they did not perform as well as larger companies. In addition, equity securities of smaller capitalization companies generally are less liquid than those of larger companies. This means that the Fund could have greater difficulty selling such securities at the time and price that the Fund would like.
**Competition Risk.** A number of alternatives to the Fund as vehicles for investment in a portfolio of MLPs and Energy Investments currently exist, including other publicly traded investment companies, structured notes and private funds. These competitive conditions may adversely impact our ability to meet our investment objective, which in turn could adversely impact our ability to make distributions.

**Cash Flow Risk.** The Fund expects that a substantial portion of the cash flow it receives will be derived from its Energy and MLP Investments. The amount and tax characterization of cash available for distribution by an MLP depends upon the amount of cash generated by such entity’s operations. Cash available for distribution by MLPs will vary widely from quarter to quarter and is affected by various factors affecting the entity’s operations. In addition to the risks described herein, operating costs, capital expenditures, acquisition costs, construction costs, exploration costs and borrowing costs may reduce the amount of cash that an MLP has available for distribution in a given period.

**Capital Markets Risk.** Global financial markets and economic conditions have been, and continue to be, volatile due to a variety of factors, including significant write-offs in the financial services sector. As a result, the cost of raising capital in the debt and equity capital markets has increased substantially while the ability to raise capital from those markets has diminished significantly. In particular, as a result of concerns about the general stability of financial markets and specifically the solvency of lending counterparties, the cost of raising capital from the credit markets generally has increased as many lenders and institutional investors have increased interest rates, enacted tighter lending standards, refused to refinance debt on existing terms or at all and reduced, or in some cases ceased to provide, funding to borrowers. In addition, lending counterparties under existing revolving credit facilities and other debt instruments may be unwilling or unable to meet their funding obligations. Due to these factors, MLPs or other issuers may be unable to obtain new debt or equity financing on acceptable terms or at all. If funding is not available when needed, or is available only on unfavorable terms, MLPs or other issuers may not be able to meet their obligations as they come due. Moreover, without adequate funding, MLPs or other issuers may be unable to execute their growth strategies, complete future acquisitions, take advantage of other business opportunities or respond to competitive pressures, any of which could have a material adverse effect on their revenues and results of operations.

**Valuation Risk.** Market prices generally will be unavailable for some of the Fund’s investments, including MLP subordinated units, general partner or managing member interests and restricted or unregistered Energy Investments. The value of such securities will be determined by fair valuations determined by the Investment Manager under procedures governing the valuation of portfolio securities adopted by the Board of Directors. Proper valuation of such securities
may require more reliance on the judgment of the Investment Manager than for securities for which an active trading market exists.

When the Fund is a limited partner in MLPs through its investment in equity securities of MLPs, the Fund includes its allocable share of the MLP’s taxable income in computing its own income, which is then taxable to Common Shareholders upon distribution to them by the Fund. Because the Subsidiary is a corporation that is obligated to pay income taxes at the entity level, the Subsidiary accrues income tax liabilities and assets. As with any other asset or liability, the Subsidiary’s tax assets and liabilities increase or decrease the Subsidiary’s, and in turn the Fund’s, net asset value. Deferred income taxes in the financial statements of the Subsidiary reflect (i) taxes on unrealized gains/losses, which are attributable to the temporary difference between fair market value and the tax basis of the Subsidiary’s assets, (ii) the net tax effects of temporary differences between the carrying amounts of such assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and (iii) the net tax benefit of accumulated net operating losses. To the extent the Subsidiary has a deferred tax asset, consideration is given as to whether or not a valuation allowance is required. The need to establish a valuation allowance for deferred tax assets is assessed periodically by the Subsidiary based on the criteria established by the Financial Accounting Standards Board Codification Topic 740, Income Taxes (formerly Statement of Financial Accounting Standards No. 109) (“ASC Topic 740”) that it is more likely than not that some portion or all of the deferred tax asset will not be realized. In the assessment for a valuation allowance, consideration is given to all positive and negative evidence related to the realization of the deferred tax asset. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability (which are highly dependent on future MLP cash distributions), the duration of statutory carryforward periods and the associated risk that operating loss carryforwards may expire unused.

The Subsidiary will rely to some extent on information provided by the MLPs, which may not necessarily be timely, to estimate taxable income allocable to certain MLPs and Energy Investments held in the Subsidiary’s portfolio and to estimate the associated deferred tax asset or liability. Such estimates are made in good faith. From time to time, as new information becomes available, the Subsidiary will modify its estimates or assumptions regarding the deferred tax asset or liability.

Deferred tax assets may constitute a relatively high percentage of the Subsidiary’s net asset value. Any valuation allowance required against such deferred tax assets or future adjustments to a valuation allowance may reduce the Subsidiary’s deferred tax assets and could have a significant impact on the Subsidiary’s, and in turn the Fund’s, net asset value and results of operations in the period the valuation allowance is recorded or adjusted.
**Common Stock Risk.** The Fund may invest in the common stocks of issuers that are non-MLPs. Common stocks are subject to special risks. Although common stocks have historically generated higher average returns than fixed-income securities over the long-term, common stocks also have experienced significantly more volatility in returns. Common stocks may be more susceptible to adverse changes in market value due to issuer specific events or general movements in the equities markets. A drop in the stock market may depress the price of common stocks held by the Fund. Common stock prices fluctuate for many reasons, including changes in investors’ perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or the occurrence of political or economic events affecting issuers. For example, an adverse event, such as an unfavorable earnings report, may depress the value of common stock in which the Fund has invested; the price of common stock of an issuer may be particularly sensitive to general movements in the stock market; or a drop in the stock market may depress the price of most or all of the common stocks held by the Fund. Also, common stock of an issuer in the Fund’s portfolio may decline in price if the issuer fails to make anticipated dividend payments because, among other reasons, the issuer of the security experiences a decline in its financial condition. The common stocks in which the Fund will invest are typically subordinated to preferred securities, bonds and other debt instruments in a company’s capital structure in terms of priority to corporate income and assets, and, therefore, will be subject to greater risk than the preferred securities or debt instruments of such issuers. In addition, common stock prices may be sensitive to rising interest rates as the costs of capital rise and borrowing costs increase.

**Convertible Securities Risk.** Although to a lesser extent than with nonconvertible fixed income securities, the market value of convertible securities tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. In addition, because of the conversion feature, the market value of convertible securities tends to vary with fluctuations in the market value of the underlying common stock. A unique feature of convertible securities is that as the market price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis, and so may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the prices of the convertible securities tend to rise as a reflection of the value of the underlying common stock. While no securities investments are without risk, investments in convertible securities generally entail less risk than investments in common stock of the same issuer.

**Special Risks Related to Preferred Securities.** There are special risks associated with investing in preferred securities, including:

- **Deferral and Omission.** Preferred securities may include provisions that permit the issuer, at its discretion, to defer or omit
distributions for a stated period without any adverse consequences to the issuer. If the Fund owns a preferred security that is deferring or omitting its distributions, the Fund may be required to report income for tax purposes although it has not yet received such income.

- **Subordination.** Preferred securities are generally subordinated to bonds and other debt instruments in a company’s capital structure in terms of having priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than debt instruments.

- **Liquidity.** Preferred securities may be substantially less liquid than many other securities, such as common stocks or U.S. Government securities.

- **Limited Voting Rights.** Generally, traditional preferred securities offer no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may elect a number of directors to the issuer’s board. Generally, once all the arrearages have been paid, the preferred security holders no longer have voting rights. Hybrid-preferred security holders generally have no voting rights.

- **Special Redemption Rights.** In certain varying circumstances, an issuer of preferred securities may redeem the securities prior to a specified date. For instance, for certain types of preferred securities, a redemption may be triggered by a change in U.S. federal income tax or securities laws. As with call provisions, a redemption by the issuer may negatively impact the return of the security held by the Fund.

- **Supply of Hybrid-Preferred Securities.** The Financial Accounting Standards Board currently is reviewing accounting guidelines relating to hybrid-preferred securities. To the extent that a change in the guidelines could adversely affect the market for, and availability of, these securities, the Fund may be adversely affected. The legislation enacted in 2003 that reduced the Federal income tax rates on dividends may also adversely impact the market and supply of hybrid-preferred securities if the issuance of such securities becomes less attractive to issuers.

- **New Types of Securities.** From time to time, preferred securities, including hybrid-preferred securities, have been, and may in the future be, offered having features other than those described herein. The Fund reserves the right to invest in these securities if the Investment Manager believes that doing so would be consistent with the Fund’s investment objective and policies. Since the market for these instruments would be new, the Fund may have difficulty disposing of them at a suitable price and time. In addition to limited liquidity, these instruments may present other risks, such as high price volatility.
Royalty and Income Trust Risk. Royalty and income trusts generally make single-sector or even single-enterprise investments, and their investments are therefore sensitive to business cycles, particularly real estate or commodities trusts, and certain trusts may be considered partnerships and their interests do not provide the same limited liability protection as common stocks. Distributions from these trusts may include return of capital invested and, since valuation of a trust’s unit is most frequently driven by a multiple of the entire distribution, units of a trust distributing returns of capital may be priced above their economic value. Royalty trusts and income trusts do not guarantee minimum distributions or even return of capital, and if a trust’s investments lose money, the trust can reduce or even eliminate distributions, which will typically be accompanied by a loss in the market value of trust units. To the extent these trusts pay out more than their net income (returns of capital), the trusts’ capital will decline over time. To the extent that the value of royalty trusts or income trusts is driven by the deferral or reduction of tax, any change in government tax regulations to remove the benefit will reduce the trusts’ market value. Royalty trusts and income trusts frequently are found in Canada, and an investment in a Canadian trust will be subject to certain additional risks of investing in foreign securities.

Interest Rate Risk. Interest rate risk is the risk that fixed-income securities such as debt securities and preferred securities, and to a lesser extent dividend-paying common stocks, will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. The Fund’s investment in such securities means that the net asset value and market price of the Fund’s shares may tend to decline if market interest rates rise. In addition, if interest rates rise, the cost of Borrowings or other leverage may increase, which could reduce dividends paid to Common Shareholders and adversely affect the Fund’s net asset value. These risks may be greater in the current market environment because certain interest rates are at historically low levels.

During periods of declining interest rates, an issuer may be able to exercise an option to prepay principal earlier than scheduled, which is generally known as call or prepayment risk. If this occurs, the Fund may be forced to reinvest in lower yielding securities. This is known as reinvestment risk. Preferred and debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security’s duration and reduce the value of the security. This is known as extension risk.
Interest Rate Transactions Risk. The Fund may enter into a swap or cap transaction to attempt to protect itself from increasing dividend or interest expenses resulting from increasing short-term interest rates. A decline in interest rates may result in a decline in the value of the swap or cap, which may result in a decline in the net asset value of the Fund. A sudden and dramatic decline in interest rates may result in a significant decline in the net asset value of the Fund.

Credit and Below Investment Grade Securities Risk. Credit risk is the risk that a security in the Fund’s portfolio will decline in price or the issuer will fail to make dividend, interest or principal payments when due because the issuer of the security experiences a decline in its financial status. Preferred securities normally are subordinated to bonds and other debt instruments in a company’s capital structure, in terms of priority to corporate income and claim to corporate assets, and therefore will be subject to greater credit risk than debt instruments. The Fund may invest in securities that are rated below investment grade. Lower-rated securities, or equivalent unrated securities, which are commonly known as ‘junk bonds,’ generally involve greater volatility of price and risk of loss of income and principal, and may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher grade securities. It is reasonable to expect that any adverse economic conditions could disrupt the market for lower-rated securities, have an adverse impact on the value of those securities and adversely affect the ability of the issuers of those securities to repay principal and interest on those securities.

Foreign Securities Risks. Investments in foreign securities involve certain risks not involved in domestic investments. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payments of principal and interest to investors located outside the country, due to blockage of foreign currency exchanges or otherwise. Generally, there is less publicly available information about foreign companies due to less rigorous disclosure or accounting standards and regulatory practices. In addition, the Fund will be subject to risks associated with adverse political and economic developments in foreign countries, which could cause the Fund to lose money on its investments in foreign securities. While the Fund typically will hold foreign securities of issuers located in developed markets, it may invest in securities of companies located in emerging market countries (or lesser developed countries). Investments in such securities are particularly speculative.

Emerging Markets Risk. Because of less developed markets and economies and, in some countries, less mature governments and governmental institutions, the risks of investing in foreign securities can be intensified in the case of investments in issuers domiciled or doing substantial business in emerging market countries. These risks include high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of
industries, as well as a high concentration of investors and financial intermediaries; political and social uncertainties; over-dependence on exports, especially with respect to primary commodities, making these economies vulnerable to changes in commodity prices; overburdened infrastructure and obsolete or unseasoned financial systems; environmental problems; less developed legal systems; and less reliable custodial services and settlement practices. Investing in securities of companies in emerging markets also may entail risks of expropriation, nationalization, confiscation or the imposition of restrictions on foreign investment, the lack of hedging instruments, and on repatriation of capital invested. Emerging securities markets are substantially smaller, less developed, less liquid and more volatile than the major securities markets. The limited size of emerging securities markets and limited trading value compared to the volume of trading in U.S. securities could cause prices to be erratic for reasons apart from factors that affect the quality of the securities. For example, limited market size may cause prices to be unduly influenced by traders who control large positions.

**Foreign Currency and Currency Hedging Risk.** Although the Fund will report its net asset value and pay dividends in U.S. dollars, foreign securities often are purchased with and make interest payments in foreign currencies. Therefore, to the extent that the Fund invests in foreign securities, it will be subject to foreign currency risk, which means that the Fund’s net asset value could decline as a result of changes in the exchange rates between foreign currencies and the U.S. dollar. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payment of principal and interest to investors located outside the country, due to blockage of foreign currency exchanges or otherwise. The Fund may engage in various investments that are designed to hedge the Fund’s foreign currency risks. While these transactions will be entered into to seek to manage these risks, these investments may not prove to be successful or may have the effect of limiting the gains from favorable market movements.

**Risks of Investing in Other Investment Companies.** To the extent the Fund invests a portion of its assets in investment companies, including open-end funds, closed-end funds, ETFs and other types of investment companies, those assets will be subject to the risks of the purchased investment companies’ portfolio securities, and a Common Shareholder in the Fund will bear not only his or her proportionate share of the Fund’s expenses, but also indirectly the expenses of the purchased investment companies. Common Shareholders would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies. Risks associated with investments in closed-end funds also generally include the risks described in this prospectus associated with the Fund’s structure as a closed-end investment company, including market risk, leverage risk, risk of market price discount from net asset value, risk of anti-
takeover provisions and non-diversification. In addition, investments in other investment companies may be subject to the following risks:

- **Manager Risk.** The Fund’s investments in other funds are subject to the ability of the managers of those funds to achieve the funds’ investment objectives.

- **Dilution Risk.** Strategies employed by a closed-end fund, such as rights offerings, may, under certain circumstances, have the effect of reducing its share price and the Fund’s proportionate interest.

- **Foreign Fund Risk.** Risks associated with investments in non-U.S. funds may be different than those of investments in U.S. funds. Non-U.S. funds are subject to different regulatory regimes that may be less rigorous than in the United States in areas such as governance and financial reporting requirements. There also may be less publicly available information about such funds, and investments in these funds may carry special tax consequences. In addition, non-U.S. funds are generally subject to the risks of investing in other types of foreign securities.

- **Business Development Companies (“BDCs”) Risk.** Investments in closed-end funds that are BDCs may be subject to a high degree of risk. BDCs typically invest in small and medium-sized companies that may not have access to public equity markets for capital raising. As a result, a BDC’s portfolio typically will include a substantial amount of securities purchased in private placements, and the portfolio may carry risks similar to those of a private equity or venture capital fund. Securities that are not publicly registered may be difficult to value and may be difficult to sell at a price representative of their intrinsic value.

- **ETF Risk.** An ETF that is based on a specific index, whether securities, commodities or a combination of the two, may not be able to replicate and maintain exactly the composition and relative weighting of securities in the index. An ETF also incurs certain expenses not incurred by its applicable index. The market value of an ETF share may differ from its net asset value; the share may trade at a premium or discount to its net asset value, which may be due to, among other things, differences in the supply and demand in the market for the share and the supply and demand in the market for the underlying assets of the ETF. In addition, certain securities that are part of the index tracked by an ETF may, at times, be unavailable, which may impede the ETF’s ability to track its index. An ETF that utilizes leverage can, at times, be relatively illiquid, which can affect whether its share price approximates net asset value. As a result of using leverage, an ETF is subject to the risk of failure in the futures and options markets it uses to obtain leverage and the risk that a counterparty will default on its obligations, which can result in a loss to the Fund.

**Derivatives Transactions Risk.** Derivatives Transactions can be highly volatile and involve various types and degrees of risk,
depending upon the characteristics of the particular derivative, including the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction and illiquidity of the derivative instruments. Derivatives Transactions may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on the Fund’s performance, effecting a form of investment leverage on the Fund’s portfolio. In certain types of Derivatives Transactions the Fund could lose the entire amount of its investment; in other types of Derivatives Transactions the potential loss is theoretically unlimited.

The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for Derivatives Transactions. The Fund could experience losses if it were unable to liquidate its position because of an illiquid secondary market. Although both OTC and exchange-traded derivatives markets may experience the lack of liquidity, OTC non-standardized Derivative Transactions are generally less liquid than exchange-traded instruments. The illiquidity of the derivatives markets may be due to various factors, including congestion, disorderly markets, limitations on deliverable supplies, the participation of speculators, government regulation and intervention, and technical and operational or system failures. In addition, the liquidity of a secondary market in an exchange-traded derivative contract may be adversely affected by “daily price fluctuation limits” established by the exchanges which limit the amount of fluctuation in an exchange-traded contract price during a single trading day. Once the daily limit has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open positions. Prices have in the past moved beyond the daily limit on a number of consecutive trading days. If it is not possible to close an open derivative position entered into by the Fund, the Fund would continue to be required to make cash payments of variation (or mark-to-market) margin in the event of adverse price movements. In such a situation, if the Fund has insufficient cash, it may have to sell portfolio securities to meet variation margin requirements at a time when it may be disadvantageous to do so. The absence of liquidity may also make it more difficult for the Fund to ascertain a market value for such instruments. The inability to close Derivatives Transactions positions also could have an adverse impact on the Fund’s ability to effectively hedge its portfolio.

Successful use of Derivatives Transactions also is subject to the ability of the Investment Manager to predict correctly movements in the direction of the relevant market and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the derivatives. Derivatives Transactions entered into to seek to manage the risks of the Fund’s portfolio of securities may have the effect of limiting gains from otherwise favorable market
movements. The use of Derivatives Transactions may result in losses greater than if they had not been used (and a loss on a Derivatives Transaction position may be larger than the gain in a portfolio position being hedged), may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold a security that it might otherwise sell. Amounts paid by the Fund as premiums and cash or other assets held as collateral with respect to Derivatives Transactions may not otherwise be available to the Fund for investment purposes. The use of currency transactions can result in the Fund incurring losses as a result of the imposition of exchange controls, political developments, government intervention or failure to intervene, suspension of settlements or the inability of the Fund to deliver or receive a specified currency.

Structured notes and other related instruments carry risks similar to those of more traditional derivatives such as futures, forward and option contracts. However, structured instruments may entail a greater degree of market risk and volatility than other types of debt obligations.

The Fund will be subject to credit risk with respect to the counterparties to certain Derivatives Transactions entered into by the Fund. Derivatives may be purchased on established exchanges or through privately negotiated OTC transactions. Each party to an OTC derivative bears the risk that the counterparty will default. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. The counterparty risk for cleared Derivatives Transactions is generally lower than for uncleared OTC Derivatives Transactions since generally a clearing organization becomes substituted for each counterparty to a cleared derivative contract and, in effect, guarantees the parties’ performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy their obligations to the Fund.

Option Strategy Risk. There are various risks associated with the Fund’s Option Strategy. An option on a security or index is a contract that gives the holder of the option, in return for a premium, the right (but not the obligation) to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the security underlying the option (or the cash value of the index underlying the option) at a specified price. Upon exercise, the writer of an option on a security has the obligation to deliver the underlying security upon payment of
the exercise price or to pay the exercise price upon delivery of the underlying security. Upon exercise, the writer of an option on an index is required to pay the difference between the cash value of the index and the exercise price multiplied by the specified multiplier for the index option.

When the Fund writes a covered call option, the Fund forgoes, during the life of the option, the opportunity to profit from increases in the market value of the underlying security or securities held by the Fund with respect to which the option was written above the sum of the premium and the exercise price. For index options, this will depend, in part, on the extent of correlation of the performance of the Fund’s portfolio securities with the performance of the relevant index. Writing covered call options will generally limit the Fund’s ability to benefit from the full appreciation potential of its stock investments underlying the options, and the Fund retains the risk of loss (less premiums received) if the value of the underlying stock investment declines. This combination of potentially limited appreciation and full depreciation over time may lead to erosion in the value of the Fund’s portfolio, and the Fund’s performance may be lower than it otherwise would have been if it did not write covered call options.

Writing naked calls is riskier than writing covered calls because there is no underlying security held by the Fund that can act as either a full or a partial hedge. Naked calls have speculative characteristics and the potential for loss is unlimited. When a naked call is exercised, the Fund must purchase the underlying security to meet its call obligation. There is also a risk, especially with less liquid preferred and debt securities, that the securities may not be available for purchase. If the purchase price exceeds the exercise price of an exercised naked call, the Fund will lose the difference minus any premium received (for writing the call option).

When the Fund writes a put option, if the underlying security depreciates to a price lower than the exercise price of the put option, it can be expected that the put option will be exercised and the Fund will be obligated to purchase the underlying security at more than its market value.

There are significant differences between the securities and options markets that could result in an imperfect correlation between these markets. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. In the case of index options, the Investment Manager will attempt to maintain for the Fund written call option positions on equity indexes whose price movements, taken in the aggregate, are closely correlated with the price movements of securities held in the Fund’s stock portfolio. However, this strategy involves significant risk that the changes in value of the indexes underlying the Fund’s written call option positions will not correlate closely with changes in the market value of the corresponding
securities held by the Fund. To the extent that there is a lack of correlation, movements in the indexes underlying the options positions may result in net losses to the Fund (including at times when the market values of securities held by the Fund are declining) that exceed option premiums received and any increase in value of the Fund’s corresponding portfolio securities.

When the Fund writes listed or exchange-traded options, a liquid secondary market may not exist on an exchange when the Fund seeks to close out an option position. The value of options written by the Fund may be adversely affected if the market for the option is reduced or becomes illiquid. If trading were discontinued, the secondary market on that exchange (or in that class or series of options) would cease to exist.

The Fund may write unlisted OTC options, particularly with respect to foreign securities and indexes. OTC options differ from listed or exchange-traded options in that they are two-party contracts, with price and other terms negotiated between buyer and seller, and generally do not have as much market liquidity as exchange-traded options. In addition, the Fund’s ability to terminate OTC options may be more limited than with exchange-traded options. In the event of default or insolvency of the counterparty, the Fund may be unable to liquidate an OTC option position. See “Principal Risks—Option Strategy Risk”.

Counterparty Risk. The Fund will be subject to credit risk with respect to the counterparties to any Derivatives Transactions entered into by the Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

Risks Related to the Fund’s Clearing Broker and Central Clearing Counterparty. The Commodity Exchange Act (the “CEA”) requires swaps and futures clearing brokers registered as “futures commission merchants” to segregate all funds received from customers with respect to any orders for the purchase or sale of U.S. domestic futures contracts and cleared swaps from the brokers’ proprietary assets. Similarly, the CEA requires each futures commission merchant to hold in separate secure accounts all funds received from customers with respect to any orders for the purchase or sale of foreign futures contracts and cleared swaps and segregate any such funds. However, all funds and other property received by a clearing broker from its customers are held by the clearing broker on a commingled basis in an omnibus account and may be invested in certain instruments permitted under applicable regulations. There is a risk that assets deposited by the Fund with any swaps or futures clearing broker as margin for futures contracts or cleared swaps may, in certain circumstances, be used to satisfy losses of other clients of the Fund’s
clearing broker. In addition, the assets of the Fund might not be fully protected in the event of the Fund’s clearing broker’s bankruptcy, as the Fund would be limited to recovering only a pro rata share of all available funds segregated on behalf of the clearing broker’s customers for the relevant account class.

Similarly, the CEA requires a clearing organization approved by the CFTC as a derivatives clearing organization to segregate all funds and other property received from a clearing member’s clients in connection with domestic cleared derivative contracts from any funds held at the clearing organization to support the clearing member’s proprietary trading. Nevertheless, all customer funds held at a clearing organization in connection with any futures contracts are held in a commingled omnibus account and are not identified to the name of the clearing member’s individual customers. All customer funds held at a clearing organization with respect to cleared swaps of customers of a clearing broker are also held in an omnibus account, but CFTC rules require that the clearing broker notify the clearing organization of the amount of the initial margin provided by the clearing broker to the clearing organization that is attributable to each customer. With respect to futures and options contracts, a clearing organization may use assets of a non-defaulting customer held in an omnibus account at the clearing organization to satisfy payment obligations of a defaulting customer of the clearing member to the clearing organization. With respect to cleared swaps, a clearing organization generally cannot do so, but may do so if the clearing member does not provide accurate reporting to the clearing organization as to the attribution of margin among its clients. Also, since clearing brokers generally provide to clearing organizations the net amount of variation margin required for cleared swaps for all of its customers in the aggregate, rather than the gross amount of each customer, the Fund is subject to the risk that a clearing organization will not make variation margin payments owed to the Fund if another customer of the clearing member has suffered a loss and is in default. As a result, in the event of a default or the clearing broker’s other clients or the clearing broker’s failure to extend its own funds in connection with any such default, the Fund may not be able to recover the full amount of assets deposited by the clearing broker on behalf of the Fund with the clearing organization.

Derivatives Transactions Regulatory Risk. The derivatives markets have become subject to comprehensive statutes, regulations and margin requirements. In particular, the United States rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act will require certain OTC derivatives, including certain interest rate swaps and certain credit default index swaps to be executed on a regulated market and cleared through a central counterparty, which may result in increased margin requirements and costs for the Fund. Further, the CFTC has recently amended certain exclusions from the definition of a “commodity pool operator” under CFTC Rule 4.5 as they apply to investment companies registered with the SEC. In the event that the Fund’s investments in commodity interests, including futures, swaps
and options, exceeds a certain threshold, the Investment Manager may be required to register as a “commodity pool operator” with the CFTC with respect to the Fund. In the event the Investment Manager is required to register with the CFTC, it will become subject to additional disclosure, recordkeeping and reporting requirements with respect to the Fund, which may increase the Fund’s expenses.

**Restricted and Illiquid Securities Risk.** The Fund may invest in investments that may be illiquid (i.e., securities that are not readily marketable). Such securities may include MLPs and Energy Investments and non-MLPs and Energy Investments. Illiquid securities are securities that are not readily marketable and may include some restricted securities, which are securities that may not be resold to the public without an effective registration statement under the Securities Act of 1933 (the “Securities Act”) or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. Illiquid investments involve the risk that the securities will not be able to be sold at the time desired by the Fund or at prices approximating the value at which the Fund is carrying the securities on its books. Restricted securities and illiquid securities are often more difficult to value and the sale of such securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of liquid securities trading on national securities exchanges or in the OTC markets. Contractual restrictions on the resale of securities result from negotiations between the issuer and purchaser of such securities and therefore vary substantially in length and scope. To dispose of a restricted security that the Fund has a contractual right to sell, the Fund may first be required to cause the security to be registered. A considerable period may elapse between a decision to sell the securities and the time when the Fund would be permitted to sell, during which time the Fund would bear market risks.

**Leverage Risk.** Utilization of leverage is a speculative investment technique and involves certain risks to Common Shareholders. These include the possibility of higher volatility of the net asset value of and distributions on the Common Shares and potentially more volatility in the market value of the Common Shares. So long as the Fund is able to realize a higher net return on its investment portfolio than the then current cost of any leverage together with other related expenses, the effect of the leverage will be to cause Common Shareholders to realize higher current net investment income than if the Fund were not so leveraged. On the other hand, to the extent that the then current cost of any leverage, together with other related expenses, approaches the net return on the Fund’s investment portfolio, the benefit of leverage to Common Shareholders will be reduced, and if the then current cost of any leverage were to exceed the net return on the Fund’s portfolio, the Fund’s leveraged capital structure would result in a lower rate of return to Common Shareholders than if the Fund were not so leveraged.
Any decline in the net asset value of the Fund’s investments will be borne entirely by Common Shareholders. Therefore, if the market value of the Fund’s portfolio declines, the leverage will result in a greater decrease in net asset value to Common Shareholders than if the Fund were not leveraged. Such greater net asset value decrease will also tend to cause a greater decline in the market price for the Common Shares. To the extent that the Fund is required or elects to redeem any Preferred Shares or prepay any Borrowings or Reverse Repurchase Agreements, the Fund may need to liquidate investments to fund such redemptions or prepayments. Liquidation at times of adverse economic conditions may result in capital loss and reduce returns to Common Shareholders.

The Subsidiary also may engage in Borrowings and Reverse Repurchase Agreements, which would create similar risks as leveraging the Fund’s investment portfolio.

For a more detailed description of the risks associated with leverage, see “Use of Leverage—Leverage Risk.”

**Risk of Market Price Discount from Net Asset Value.** Shares of closed-end investment companies frequently trade at a discount from their net asset value. This characteristic is a risk separate and distinct from the risk that net asset value could decrease as a result of investment activities and may be greater for investors expecting to sell their shares in a relatively short period following completion of this offering. The Investment Manager cannot predict whether the Common Shares will trade at, above or below net asset value. Net asset value will be reduced immediately following the offering of the Common Shares by the sales load and the amount of organizational and offering expenses paid by the Fund. See “Principal Risks of the Fund—Risk of Market Price Discount From Net Asset Value.”

**Additional Risk Considerations**

**Management Risk.** As an actively managed investment portfolio, the Fund is subject to management risk. The Investment Manager and each individual portfolio manager may not be successful in selecting the best performing securities or investment techniques, and the Fund’s performance may lag behind that of similar funds. While the Investment Manager has experience investing in MLPs and in energy-related companies, the Fund will be the Investment Manager’s first portfolio with significant exposure to MLPs.

**Portfolio Turnover Risk.** The Fund may engage in portfolio trading when considered appropriate, but short-term trading will not be used as the primary means of achieving the Fund’s investment objective. There are no limits on portfolio turnover, and investments may be sold without regard to length of time held when, in the opinion of the Investment Manager, investment considerations warrant such action. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. High portfolio turnover may result in the realization of net short-term capital gains, which would be taxable as ordinary income to Common Shareholders that hold shares in a taxable account when distributed to such shareholders.
Non-Diversified Status. Because the Fund, as a non-diversified investment company, may invest in a smaller number of individual issuers than a diversified investment company, an investment in the Fund presents greater risk to you than an investment in a diversified company. See “Additional Risk Considerations—Non-Diversified Status.”

Anti-Takeover Provisions. Certain provisions of the Fund’s Articles of Incorporation and By-Laws could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to modify the Fund’s structure. The provisions may have the effect of depriving you of an opportunity to sell your shares at a premium over prevailing market prices and may have the effect of inhibiting conversion of the Fund to an open-end investment company. See “Certain Provisions of the Articles of Incorporation and By-Laws” and “Additional Risk Considerations—Anti-Takeover Provisions.”

Market Disruption Risk. Global financial markets have recently experienced periods of unprecedented turmoil. The debt and equity capital markets in the United States were negatively impacted by significant write-offs in the financial services sector relating to subprime mortgages and the re-pricing of credit risk in the broader market, among other things. These events, along with the deterioration of the housing market, the failure of major financial institutions and the concerns that other financial institutions as well as the global financial system were also experiencing severe economic distress materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial firms in particular. These events contributed to severe market volatility and caused severe liquidity strains in the credit markets. Volatile financial markets can expose the Fund to greater market and liquidity risk. Risks to a robust resumption of growth persist: a weak consumer market weighed down by too much debt and increasing joblessness, the growing size of the federal budget deficit and national debt, and the threat of inflation. A return to unfavorable economic conditions or sustained economic slowdown may place downward pressure on oil, natural gas and other energy prices and may adversely affect the ability of MLPs to sustain their historical distribution levels, which in turn, may adversely affect the Fund. These factors may also adversely affect other energy companies. MLPs and energy companies that have historically relied heavily on outside capital to fund their growth have been impacted by the contraction in the capital markets. The continued recovery of the MLP and energy sectors are dependent on several factors, including the recovery of the financial sector, the general economy and the commodity markets.

The current financial market situation, as well as various social, political, and psychological tensions in the United States and around the world, may continue to contribute to increased market volatility, may have long-term effects on the U.S. and worldwide financial
markets; and may cause further economic uncertainties or deterioration in the United States and worldwide. The prolonged continuation or further deterioration of the current U.S. and global economic downturn could adversely impact the Fund’s portfolio.

The instability in the financial markets has led governments to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. Federal, state, and other governments, their regulatory agencies, or self regulatory organizations may take actions that affect the regulation of the instruments in which the Fund invests, or the issuers of such instruments, in ways that are unforeseeable.

The wars with Iraq and Afghanistan and similar conflicts and geopolitical developments, their aftermath and substantial military presence in Afghanistan are likely to have a substantial effect on the United States and world economies and securities markets. The nature, scope and duration of the wars and the potential costs of rebuilding infrastructure cannot be predicted with any certainty. Terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001 closed some of the U.S. securities markets for a four-day period and similar future events cannot be ruled out. The war and occupation, terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Likewise, natural and environmental disasters, such as the earthquake and tsunami in Japan in early 2011, and systemic market dislocations of the kind surrounding the insolvency of Lehman Brothers in 2008, if repeated, could be highly disruptive to economies and markets. Those events, as well as other changes in foreign and domestic economic and political conditions, also could have an acute effect on individual issuers or related groups of issuers. These risks also could adversely affect individual issuers and securities markets, interest rates, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to the Fund’s investments and the market value and net asset value of the Fund’s Common Shares.

Potential Conflicts of Interest Risk. The Investment Manager and its affiliates are involved worldwide with a broad spectrum of financial services and asset management activities and may engage in the ordinary course of business in activities in which their interests or the interests of their clients may conflict with those of the Fund. The Investment Manager and its affiliates may provide investment management services to other funds and discretionary managed accounts that follow an investment program similar to that of the Fund. Subject to the requirements of the 1940 Act, the Investment Manager and its affiliates intend to engage in such activities and may receive compensation from third parties for their services. Neither the Investment Manager nor its affiliates are under any obligation to share any investment opportunity, idea or strategy with the Fund. As a result, the Investment Manager and its affiliates may compete with
the Fund for appropriate investment opportunities. The results of the Fund’s investment activities, therefore, may differ from those of other accounts managed by the Investment Manager or its affiliates, and it is possible that the Fund could sustain losses during periods in which one or more of the proprietary or other accounts managed by the Investment Manager or its affiliates achieve profits. The Investment Manager has informed the Fund’s Board of Directors that the investment professionals associated with the Investment Manager are actively involved in other investment activities not concerning the Fund and will not be able to devote all of their time to the Fund’s business and affairs. The Investment Manager and its affiliates have adopted policies and procedures designed to address potential conflicts of interests and to allocate investments among the accounts managed by the Investment Manager and its affiliates in a fair and equitable manner. See “Additional Risk Considerations—Potential Conflicts of Interest Risk.”

Dependence on Key Personnel Risk. The Investment Manager is dependent upon the experience and expertise of certain key personnel in providing services with respect to the Fund’s investments. If the Investment Manager were to lose the services of these individuals, its ability to service the Fund could be adversely affected. As with any managed fund, the Investment Manager might not be successful in selecting the best-performing securities or investment techniques for the Fund’s portfolio and the Fund’s performance may lag behind that of similar funds. In addition, the performance of the Fund may also depend on the experience and expertise of individuals who become associated with the Investment Manager in the future. See “Additional Risks Considerations—Dependence on Key Personnel Risk.”

Given the risks described above, an investment in the shares may not be appropriate for all investors. You should carefully consider your ability to assume these risks before making an investment in the Fund.
The purpose of the following table is to help you understand the fees and expenses that you, as a Common Shareholder, would bear directly or indirectly. The expenses shown in the table under “Other expenses” and “Total annual Fund operating expenses” are based on estimated amounts for the Fund’s first fiscal year of operations, unless otherwise indicated, and assume that the Fund issues approximately 24,000,000 Common Shares. The table also assumes the use of leverage in the form of Borrowings in an amount equal to 30% of the Fund’s Managed Assets (after the leverage is incurred), and shows Fund expenses as a percentage of net assets attributable to Common Shares. The Fund’s actual expenses may vary from the estimated expenses shown in the table.

<table>
<thead>
<tr>
<th>Shareholder Transaction Expenses</th>
<th>Percentage of Offering Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales load paid by you</td>
<td>4.50%</td>
</tr>
<tr>
<td>Expenses borne by the Fund</td>
<td>.20%</td>
</tr>
<tr>
<td>Dividend reinvestment plan fees</td>
<td>None</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Expenses</th>
<th>Percentage of Net Assets Attributable to Common Shares (Assumes Leverage is Used)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment management fees</td>
<td>1.43%</td>
</tr>
<tr>
<td>Interest payments on borrowed funds</td>
<td>.83%</td>
</tr>
<tr>
<td>Subsidiary income tax expenses</td>
<td>None</td>
</tr>
<tr>
<td>Other expenses</td>
<td>.27%</td>
</tr>
<tr>
<td>Acquired fund fees and expenses</td>
<td>None</td>
</tr>
<tr>
<td>Total annual Fund operating expenses</td>
<td>2.53%</td>
</tr>
</tbody>
</table>

(1) The Investment Manager has agreed to pay (i) all organizational expenses and (ii) the Fund’s offering expenses (other than the sales load) to the extent offering expenses are in excess of $.04 per Common Share (.20% of the offering price). Offering expenses paid by the Fund, estimated to total $960,000 (or $.04 per Common Share), may include reimbursement to the Investment Manager or its affiliates for expenses incurred in connection with the offering, including compensation to sales personnel. See “Underwriting.” Assuming the Fund issues 24,000,000 Common Shares for $20.00 per share, the Fund’s offering costs are estimated to be approximately $993,593, $960,000 (or approximately $.04 per Common Share) of which would be borne by the Fund and $33,593 (or approximately $.00 per Common Share) of which would be paid by the Investment Manager. Offering expenses borne by Common Shareholders will result in a reduction of capital of the Fund attributable to the Common Shares.

(2) For a description of the sales load, structuring fees and other compensation paid to the underwriters, see “Underwriting.”

(3) The expenses of administering the Fund’s dividend reinvestment plan are included in Other expenses. You will pay brokerage charges if you direct your broker or the plan agent to sell your Common Shares that you acquired pursuant to a dividend reinvestment plan. You may also pay a pro rata share of brokerage commissions incurred in connection with open-market purchases pursuant to the Fund’s Dividend Reinvestment Plan. See “Dividends and Distributions—Dividend Reinvestment Plan.”

(4) Estimates what the Fund’s annual expenses would be as percentages of its net assets attributable to Common Shares if the anticipated amount of leverage is used. Common Shareholders bear the expenses associated with leverage, including the management fee on the amount of leverage. If no leverage were used, such as during the period before the Fund incurs any Borrowings, the total annual Fund operating expenses are estimated to be 1.26% as a percentage of net assets attributable to Common Shares. This calculation is based on 1.00% investment management fees, 0% interest payments on borrowed funds and .26% other expenses for total annual Fund operating expenses of 1.26%. Investment management fees, other expenses and total annual Fund operating expenses are expressed as a percentage of net assets attributable to Common Shares.
For additional information with respect to Fund expenses, see “Management of the Fund” and “Dividends and Distributions—Dividend Reinvestment Plan.”

(5) Interest payments on borrowed funds assumes that leverage will represent up to 30% of the Fund’s Managed Assets and charge interest or involve payment at a rate set by an interest rate transaction at an annual average rate of approximately 1.84%, which is based on current market conditions. The actual rate could vary substantially from this estimate, which could cause Interest payments on borrowed funds and Total annual Fund operating expenses to vary substantially from the percentages shown in the table above. The Fund may use forms of leverage other than and/or in addition to Borrowings, which may be subject to different interest expenses than those estimated above. The actual amount of interest expense borne by the Fund will vary over time in accordance with the level of the Fund’s use of Borrowings and variations in market interest rates. Interest expense is required to be treated as an expense of the Fund for accounting purposes. Any associated income or gains (or losses) realized from leverage obtained through Borrowings is not reflected in the Annual Expenses table above, but would be reflected in the Fund’s performance results.

(6) As of the date of this prospectus, the Fund has not commenced investment operations. Because it cannot be predicted whether the Subsidiary will incur a benefit or liability in the future, a tax expense of 0% has been assumed.

(7) The “Other expenses” shown in the table above and related footnotes are based upon estimated amounts for the current fiscal year and assumes that the Fund issues approximately 24,000,000 Common Shares.

(8) Fund investors will bear indirectly the fees and expenses (including advisory fees and other operating expenses) of any investment companies in which the Fund invests. For purposes of this calculation, the Investment Manager assumed that 0% of the Fund’s portfolio will be invested in acquired funds, although such percentage may vary substantially over time.

Example

The following example illustrates the expenses (including the sales load of $45, estimated offering expenses of this offering of $2 and the estimated costs of Borrowings assuming the Fund utilizes leverage representing 30% of the Fund’s Managed Assets) that you would pay on a $1,000 investment in Common Shares, assuming (1) total annual Fund operating expenses of 2.53% of net assets attributable to Common Shares in years 1 through 10 and (2) a 5% annual return:

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$71</td>
<td>$122</td>
<td>$175</td>
<td>$320</td>
</tr>
</tbody>
</table>

The example above should not be considered a representation of future expenses. Actual expenses (including the cost of leverage, if any, and other expenses) may be higher or lower. The example assumes that the estimated “Other expenses” set forth in the Annual Expenses table are accurate and that all dividends and distributions are reinvested at net asset value. Actual expenses may be greater or less than those assumed. Moreover, the Fund’s actual rate of return may be greater or less than the hypothetical 5% return shown in the example.
THE FUND

Cohen & Steers MLP Income and Energy Opportunity Fund, Inc. is a newly organized non-diversified, closed-end management investment company. The Fund was organized as a Maryland corporation on December 13, 2012 and is registered as an investment company under the 1940 Act. As a newly organized entity, the Fund has no operating history. The Fund’s principal office is located at 280 Park Avenue, New York, New York 10017, and its telephone number is (212) 832-3232.

USE OF PROCEEDS

We estimate the net proceeds of this offering, after payment of the sales load and deducting offering costs (other than the sales load) that do not exceed $.04 per Common Share, to be $457,440,000, or $526,056,000 assuming exercise of the option to purchase additional Common Shares in full. The net proceeds will be invested in accordance with the policies set forth under “Investment Objective and Policies.” A portion of the offering expenses of the Fund has been advanced by the Investment Manager and will be repaid by the Fund upon closing of this offering. The Investment Manager will incur and be responsible for (i) all of the Fund’s organizational expenses and (ii) the Fund’s offering expenses (other than the sales load) to the extent offering expenses are in excess of $.04 per Common Share.

The Fund estimates that the net proceeds of this offering will be fully invested in accordance with the Fund’s investment objective and policies within 60 days of the initial public offering. Pending such investments, those proceeds may be invested in cash, cash equivalents, government securities and short-term fixed income securities. See “Investment Objective and Policies.”

INVESTMENT OBJECTIVE AND POLICIES

General

The Fund’s investment objective is to provide attractive total return, comprised of high current income and price appreciation. The Fund seeks to achieve its investment objective by investing primarily in MLPs and Energy Investments. The Fund is structured as a tax efficient vehicle in order to achieve its investment objective. Under normal market conditions, the Fund will invest at least 80% of its Managed Assets in MLPs and Energy Investments. “Managed Assets” are the Fund’s net assets, plus the principal amount of loans from financial institutions or debt securities issued by the Fund, the liquidation preference of any Preferred Shares and the proceeds of any Reverse Repurchase Agreements entered into by the Fund. The Fund may invest up to 15% of its Managed Assets in unregistered or private Energy Investments.

The Fund may invest up to 25% (or such higher amount as permitted by any applicable tax diversification rules) of its Managed Assets directly in equity or debt securities of MLPs. The Fund may also invest up to 25% (or such higher amount as permitted by any applicable tax diversification rules) of its Managed Assets in a wholly-owned taxable subsidiary, Cohen & Steers MLP Investment Fund (the “Subsidiary”), which in turn may invest up to 100% of its assets in equity or debt securities of MLPs, as well as in other securities and investment instruments. The Fund initially intends to invest a significant portion of its assets in securities of Midstream Energy Companies, although the composition of the Fund’s portfolio may change over time and from time to time such that a significant portion of the Fund’s assets are not invested in securities of Midstream Energy Companies.

The Fund currently intends to invest primarily in MLPs and Energy Investments issued by entities organized in the United States. The Fund may invest up to 20% of its Managed Assets in foreign MLPs and Energy Investments, including in emerging markets. The Fund may also invest up to 20% of its Managed Assets in investments that are not MLPs or Energy Investments. This 20% allocation may be in any of the securities and other investments described in this prospectus and the Statement of Additional Information (“SAI”).
The Fund may write (or sell) put or call options on indexes or securities with the intention of earning option premiums (“Option Strategy”). In addition, the Fund may write (or sell) call options if it desires to exit a position when the price of the underlying security rises to a particular level or it may write put options if it desires to acquire an investment at a price below the market price. The Fund may also engage in these transactions in an effort to profit from market movements. The options that the Fund writes may be covered or uncovered. The extent to which the Fund uses the Option Strategy, if at all, will be based on market conditions and will vary from time to time. Under normal market conditions, the notional value of the uncovered (i.e., naked) call options written by the Fund will not exceed 20% of the value of the Fund’s Managed Assets.

The Fund may, but is not required to, use derivative instruments to seek to generate return, facilitate portfolio management and mitigate risks. See “—Derivatives Transactions” below.

The Fund may invest in investment grade as well as below investment grade securities and, although not required to do so, will generally seek to maintain a minimum BBB- (or equivalent) weighted average senior debt rating of companies in which it invests. Although a company’s senior debt rating may be BBB- (or equivalent), an underlying security issued by such company in which the Fund invests may have a lower rating than BBB- (or equivalent). Below investment grade securities are also known as “high yield” or “junk” securities. The Fund may invest a significant portion of its assets in below investment grade securities, which have a greater risk of loss of principal and income than investment grade securities. However, the Fund does not currently intend to invest in securities that are in default at the time of purchase.

Unless otherwise indicated, the Fund’s investment objective and investment policies are non-fundamental and may be changed by the Fund’s Board of Directors without the approval of Common Shareholders or holders of Preferred Shares (if any). However, the Fund’s investment objective and its policy of investing at least 80% of its Managed Assets in MLPs and Energy Investments may only be changed by the Board of Directors following the provision of 60 days’ prior written notice to Common Shareholders or holders of Preferred Shares, if any.

In making investment decisions with respect to securities purchased by the Fund, the Investment Manager relies on a fundamental analysis of each company. Securities are evaluated for their potential to provide an attractive level of distributions. Their potential for capital appreciation is also evaluated. The Investment Manager reviews each company’s potential for success in light of general economic and industry trends, as well as the company’s quality of management, financial condition, business plan, industry and sector market position, and distribution coverage ratio. The Investment Manager utilizes a value-oriented approach, and evaluates each company’s valuation on the basis of relative price to distributable cash flow multiples, distributable cash flow growth rate and distribution yield, among other metrics.

The Fund currently expects to invest the proceeds from any sale of the Common Shares offered hereby within 60 days following the completion of this offering. However, such investments may be delayed if suitable investments are unavailable at the time. The trading market and volumes for MLPs and Energy Investments may at times be less liquid than the market for other securities. Prior to the time the proceeds of this offering are invested, such proceeds may be invested in short-term money market instruments and U.S. government securities, pending investment in MLPs and Energy Investments. As a result, the return and yield on the Common Shares for the period immediately following any offering pursuant to this prospectus may be lower than when the Fund is fully invested in accordance with its investment objective and policies.

Portfolio Composition

The Fund’s portfolio will be composed principally of the following investments. A more detailed description of our investment policies and restrictions and more detailed information about our portfolio investments are contained in the SAI. There can be no assurance that the Fund will achieve its investment objective. See “Investment Objective and Policies” and “Principal Risks of the Fund” below.
**Master Limited Partnerships.** MLPs are generally publicly traded entities that are organized under state law as limited partnerships or limited liability companies and receive partnership taxation treatment under the Code (sometimes referred to as “master limited partnerships”). Interests in MLPs (so-called “units”) are often traded on securities exchanges like shares of corporate stock. To be treated as a partnership for U.S. federal income tax purposes, an MLP whose units are traded on a securities exchange must receive at least 90% of its gross income from qualifying sources such as interest, dividends, real estate rents, gain from the sale or disposition of real property, income and gain from mineral or natural resources activities, income and gain from the transportation or storage of certain fuels, and, in certain circumstances, income and gain from commodities or futures, forwards and options with respect to commodities. Mineral or natural resources activities include exploration, development, mining, production, processing, refining, storage, gathering, processing, distribution, marketing, and transportation (including pipelines) of oil and gas, minerals, geothermal energy, fertilizer, timber or industrial source carbon dioxide. An MLP consists of a general partner and limited partners (or in the case of MLPs organized as limited liability companies, a managing member and members). The general partner or managing member typically controls the operations and management of the MLP and has an ownership stake in the MLP. The limited partners or members, through their ownership of limited partner or member interests, provide capital to the entity, are intended to have no role in the operation and management of the entity and receive cash distributions. The MLPs themselves generally do not pay U.S. federal income taxes. Thus, unlike investors in corporate securities, direct MLP investors are generally not subject to two layers of taxation (i.e., corporate level tax and tax on corporate dividends). The extent of the Fund’s investments in MLPs, and the manner in which the Fund makes such investments, are limited by its intention to qualify as a RIC for U.S. federal income tax purposes, and can bear on its ability to so qualify. Currently, most MLPs operate in the energy and/or natural resources sectors.

MLPs in the energy sector can generally be classified into the following industries:

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

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

- **Gathering and Processing MLPs.** Gathering and processing companies are subject to natural declines in the production of oil and natural gas fields, which utilize their gathering and processing facilities as a way to market their production, prolonged declines in the price of natural gas or crude oil, which curtails drilling activity and therefore production, and declines in the prices of natural gas liquids and refined petroleum products, which cause lower processing margins. In addition, some gathering and processing contracts subject the gathering or processing company to direct commodities price risk.

- **Midstream MLPs.** Midstream MLPs own and operate the logistical assets used in the energy sector and are engaged in (a) the treating, gathering, compression, processing, transmission and storage of natural gas and the transportation, fractionation and storage of natural gas liquids (primarily propane, ethane, butane and natural gasoline); (b) the gathering, transportation and storage of crude oil; and (c) the transportation and storage of refined products (primarily gasoline, diesel fuel and jet fuel) and other hydrocarbon by-products. Midstream MLPs may also operate
ancillary businesses including the marketing of commodities and logistical services. Midstream MLPs include MLPs that provide transportation and distribution services of energy-related products through the ownership and operation of marine transportation vessels (including tankers, barges and tugboats). Midstream MLPs and energy companies that provide crude oil, refined product and natural gas services are subject to supply and demand fluctuations in the markets they serve, which will be impacted by a wide range of factors including, fluctuating commodity prices, weather, increased conservation or use of alternative fuel sources, increased governmental or environmental regulation, depletion, rising interest rates, declines in domestic or foreign production, accidents or catastrophic events, and economic conditions, among others.

- **Propane MLPs.** Propane MLPs are distributors of propane to homeowners for space and water heating and to commercial, industrial and agricultural customers. Propane MLPs derive revenue from the resale of the commodity on a margin over wholesale cost. The ability to maintain margin is a key to profitability. Propane serves a small portion of the household energy needs in the United States, largely for homes beyond the geographic reach of natural gas distribution pipelines. A majority of annual cash flow is earned during the winter heating season (October through March). Accordingly, volumes are weather dependent, but have utility type functions similar to electricity and natural gas.

- **Exploration and Production MLPs (“E&P MLPs”).** E&P MLPs include MLPs that are engaged in the exploration, development, production and acquisition of crude oil and natural gas properties. E&P MLP cash flows generally depend on the volume of crude oil and natural gas produced and the realized prices received for crude oil and natural gas sales.

- **Coal MLPs.** Coal MLPs are engaged in the owning, leasing, managing, production and sale of various grades of steam and metallurgical grades of coal. Coal MLPs derive revenue from production and sale of coal, or from royalty payments related to leases to coal producers. Electricity generation is the primary use of steam coal in the United States. The primary use for metallurgical coal is the production of steel (metallurgical coal is used to make coke, which, in turn, is used as a raw material in the steel manufacturing process). Demand for electricity and supply of alternative fuels to generators are the primary drivers of coal demand. Coal MLPs are subject to operating and production risks, such as: the MLP or a lessee meeting necessary production volumes; federal, state and local laws and regulations which may limit the ability to produce coal; the MLP’s ability to manage production costs and pay mining reclamation costs; and the effect on demand that the Environmental Protection Agency’s (“EPA”) standards set in the 1990 Clean Air Act or other laws, regulations or trends have on coal-end users.

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

- **Upstream MLPs.** Upstream MLPs are businesses engaged in the acquisition, exploitation, development and production of natural gas, natural gas liquids and crude oil. An Upstream MLP’s cash flow and distributions are driven by the amount of oil, natural gas, natural gas liquids and oil produced and the demand for and price of such commodities. As the underlying reserves of an Upstream MLP are produced, its reserve base is depleted. Upstream MLPs may seek to maintain or expand their reserves and production through the acquisition of reserves from other companies and the exploration and development of existing resources.

MLPs are subject to various federal, state and local environmental laws and health and safety laws as well as laws and regulations specific to their particular activities. These laws and regulations address health and safety standards for the operation of facilities, transportation systems and the handling of materials; air and water pollution requirements and standards; solid waste disposal requirements; land reclamation requirements; and requirements relating to the handling.
and disposition of hazardous materials. MLPs are subject to the costs of compliance with such laws applicable to them, and changes in such laws and regulations may adversely affect their results of operations.

The Fund may invest in equity securities and debt securities issued by MLPs.

- **Equity Securities of MLPs.** Equity securities issued by MLPs currently consist of common units, subordinated units and preferred units.

- **MLP Common Units.** MLP common units are typically listed and traded on national securities exchanges, including the NYSE and the NASDAQ. The Fund will typically purchase MLP common units through open market transactions, but may also acquire MLP common units through direct placements. Holders of MLP common units have limited control and voting rights. Holders of MLP common units are typically entitled to receive a MQD, including arrearage rights, from the issuer.

- **MLP Subordinated Units.** MLP subordinated units are not typically listed on an exchange or publicly traded. The Fund will typically purchase MLP subordinated units through negotiated transactions directly with affiliates of MLPs and institutional holders of such units or will purchase newly-issued subordinated units directly from MLPs. Holders of MLP subordinated units are typically entitled to receive MQDs after payments to holders of common units have been satisfied and prior to incentive distributions to the general partner or managing member. MLP subordinated units do not typically provide arrearage rights. Most MLP subordinated units are convertible into common units after the passage of a specified period of time or upon the achievement by the MLP of specified financial goals.

- **MLP Preferred Units.** MLP preferred units are not typically listed on an exchange or publicly traded. The Fund will typically purchase MLP preferred units through negotiated transactions directly with MLPs, affiliates of MLPs and institutional holders of such units. Holders of MLP preferred units can be entitled to a wide range of voting and other rights, depending on the structure of each separate security.

- **Debt Securities of MLPs.** Debt securities issued by MLPs may include those rated below investment grade (below Baa3 or BBB-) by Moody’s, S&P, Fitch or an equivalent rating by a NRSRO or that are unrated but judged to be below investment grade by the Investment Manager at the time of purchase. Such securities are commonly known as “high yield bonds” or “junk bonds.” A debt security of an MLP will be considered to be investment grade if it is rated as such by one of Moody’s, S&P, Fitch or another NRSRO or, if unrated, is judged to be investment grade by the Investment Manager at the time of purchase. The Fund may invest in debt securities without regard to their maturity or credit rating. Investments in debt securities of MLPs will have different tax characteristics than equity securities of MLPs.

The Fund’s investments in certain of the following Energy Investments may be limited by the Fund’s intention to qualify as a RIC, and may bear on its ability to so qualify.

- **Securities of MLP Affiliates.** Equity securities issued by affiliates of MLPs include certain securities issued by the general partners or managing members of MLPs. Many issuers of such equity securities are treated as C corporations for U.S. federal income tax purposes and therefore will have different tax characteristics than equity securities of MLPs. The Fund intends to purchase equity securities of MLP affiliates through market transactions, but may also acquire such equity securities through direct placements.

- **MLP I-Shares.** Issuers of “MLP I-Shares” use the proceeds from the sale of MLP I-Shares to purchase limited partnership interests in the MLP in the form of MLP i-units. Thus, MLP I-Shares represent an indirect interest in an MLP limited partnership interest. MLP i-units have similar features as MLP common units in terms of voting rights, liquidation preference and distribution. MLP I-Shares themselves have limited voting rights and are similar in that respect to MLP common units. MLP I-Shares differ from MLP common units in a number of respects, including that instead of receiving cash distributions, holders of MLP I-Shares will typically receive distributions of
additional MLP I-Shares with a value equal to the cash distributions received by common unit
holders. MLP I-Shares are traded on securities exchanges.

- **MLP General Partner or Managing Member Interests.** The general partner or managing member
interest in MLPs is typically retained by the original sponsors of an MLP, such as its founders,
corporate partners and entities that sell assets to the MLP. The holder of the general partner or
managing member interest can be liable in certain circumstances for amounts greater than the
amount of the holder’s investment in the general partner or managing member. General partner or
managing member interests often confer direct board participation rights in, and in many cases
control over the operations of, the MLP. General partner or managing member interests can be
privately held or owned by publicly traded entities. General partner or managing member interests
receive cash distributions, typically in an amount of up to 2% of available cash, which is
contractually defined in the partnership or limited liability company agreement. In addition, holders
of general partner or managing member interests typically receive IDRs, which provide them with
an increasing share of the entity’s aggregate cash distributions upon the payment of per common
unit distributions that exceed specified threshold levels above the MQD. Due to the IDRs, general
partners of MLPs have higher distribution growth prospects than their underlying MLPs, but
quarterly incentive distribution payments would also decline at a greater rate than the rate of decline
in quarterly distributions to common and subordinated unit holders in the event of a reduction in the
MLP’s quarterly distribution. The ability of the limited partners or members to remove the general
partner or managing member without cause is typically very limited. In addition, some MLPs
permit the holder of IDRs to reset, under specified circumstances, the incentive distribution levels
and receive compensation in exchange for the distribution rights given up in the reset.

- **ETNs Linked to MLPs.** The Fund may invest in ETNs that track the performance of MLPs or MLP
indices. An ETN is typically an unsecured, unsubordinated debt security issued by a sponsoring
institution, which may include a government entity, financial institution or corporation. Similar to
other debt securities, ETNs have a maturity date and are backed only by the credit of the sponsoring
institution. The returns of ETNs are usually linked to the performance of securities or market
indices, less investor fees and all other costs. When an investor buys an ETN linked to MLPs or
MLP indices, the sponsoring institution promises to pay the amount related to the value of the
underlying MLP(s) or MLP index, minus fees and all other costs, upon maturity. ETNs are subject
to the risk that the sponsoring institutions will be unable to pay their obligations as well as the risks
associated with investing in MLPs. Investments in such securities will have different tax
characteristics than equity securities of MLPs.

**Midstream Energy Companies.** For the reasons discussed below, the Investment Manager believes that the
returns for securities issued by Midstream Energy Companies have the potential to be more attractive on a risk-
adjusted basis than investments in other industries.

- **Stable cash flows.** The Investment Manager believes that a substantial portion of the revenues
generated by Midstream Energy Companies are derived from customer contracts that are fee-based
and have limited direct commodity price risk. In addition, the fees or tariffs that many Midstream
Energy Companies charge their customers are often regulated at the federal or state level, and are
often subject to escalation based on the rate of inflation.

- **High barriers to entry.** The Investment Manager believes that, due to the high cost of construction
and the extensive time required to obtain all of the necessary environmental and regulatory
approvals to construct new Midstream Assets, the barriers to enter the midstream sector are high.
As a result, an existing network of Midstream Assets may be difficult to replicate. The Investment
Manager believes that barriers to entry may create a competitive advantage for existing Midstream
Energy Companies with significant operations.

- **Strategically important assets with market opportunity for growth.** Midstream Energy Companies
operate assets that are used in the energy sector, including, but not limited to, assets used in
transporting, storing, gathering, processing, distributing, marketing and/or delivering of natural gas,
natural gas liquids, crude oil or refined products or coal that are necessary for providing consumers access to energy-related products. The Investment Manager believes that Midstream Energy Companies are well-positioned to build and operate these necessary assets at attractive rates of return.

Royalty Trusts. A royalty trust is a trust which controls an underlying company whose business is the acquisition, exploitation, production and sale of oil and natural gas. These trusts generally pay out to unitholders the majority of the cash flow that they receive from the production and sale of underlying oil and natural gas reserves. The amount of distributions paid on a royalty trust’s units will vary from time to time based on production levels, commodity prices, royalty rates and certain expenses, deductions and costs, as well as on the distribution payout ratio policy adopted. As a result of distributing the bulk of their cash flow to unitholders, the ability of a royalty trust to finance internal growth through exploration is limited. Therefore, royalty trusts typically grow through acquisition of additional oil and gas properties or producing companies with proven reserves of oil and gas, funded through the issuance of additional equity or, where the trust is able, additional debt.

Non-MLP Equity Securities. The Fund may invest in common and preferred stock, convertible securities, warrants and depository receipts of companies that are organized as corporations, limited liability companies or limited partnerships, although the Fund may invest no more than 20% of its Managed Assets in securities issued by issuers other than MLPs and Energy Investments.

• Common Stock. Common stock generally represents an equity ownership interest in an issuer. Although common stocks have historically generated higher average total returns than fixed-income securities over the long term, common stocks also have experienced significantly more volatility in those returns and may under-perform relative to fixed-income securities during certain periods. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock held by the Fund. Also, prices of common stocks are sensitive to general movements in the stock market and a drop in the stock market may depress the price of common stocks to which the Fund has exposure. Common stock prices fluctuate for several reasons including changes in investors’ perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or the occurrence of political or economic events which effect the issuers. In addition, common stock prices may be particularly sensitive to rising interest rates, which increases borrowing costs and the costs of capital.

• Preferred Stock. Preferred stock has a preference over common stock in liquidation (and generally as to dividends as well) but is subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similarly stated yield characteristics. The market value of preferred stock will also generally reflect whether (and if so when) the issuer may force holders to sell their preferred shares back to the issuer and whether (and if so when) the holders may force the issuer to buy back their preferred shares. Generally, the right of the issuer to repurchase the preferred stock tends to reduce any premium that the preferred stock might otherwise trade at due to interest rate or credit factors, while the right of the holders to require the issuer to repurchase the preferred stock tends to reduce any discount that the preferred stock might otherwise trade at due to interest rate or credit factors. In addition, some preferred stocks are non-cumulative, meaning that the dividends do not accumulate and need not ever be paid. A portion of the Fund’s portfolio may include investments in non-cumulative preferred securities, whereby the issuer does not have an obligation to make up any arrearages to its shareholders. There is no assurance that dividends or distributions on non-cumulative preferred stocks in which the Fund invests will be declared or otherwise paid. Preferred stock of certain companies offers the opportunity for capital appreciation as well as periodic income. This may be particularly true in the case of companies that have performed below expectations. If a company’s performance has been poor enough, its preferred stock may trade more like common stock than like other fixed income securities, which may result in above average appreciation if the company’s performance improves.
Convertible Securities. A convertible security is a preferred stock, warrant or other security that may be converted into or exchanged for a prescribed amount of common stock or other security of the same or a different issuer or into cash within a particular period of time at a specified price or formula. A convertible security generally entitles the holder to receive the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities generally have characteristics similar to both fixed income and equity securities. The value of convertible securities tends to decline as interest rates rise and, because of the conversion feature, tends to vary with fluctuations in the market value of the underlying securities. Convertible securities ordinarily provide a stream of income with generally higher yields than those of common stock of the same or similar issuers. Convertible securities generally rank senior to common stock in a corporation’s capital structure but are usually subordinated to comparable non-convertible securities. Convertible securities generally do not participate directly in any dividend increases or decreases of the underlying securities although the market prices of convertible securities may be affected by any dividend changes or other changes in the underlying securities.

Warrants and Rights. The Fund may invest in warrants or rights (including those acquired in units or attached to other securities) that entitle the holder to buy equity securities at a specific price for a specific period of time but will do so only if such equity securities are deemed appropriate by the Investment Manager for inclusion in the Fund’s portfolio.

Non-MLP Debt Securities. The Fund may invest in the debt securities, including preferred securities and other fixed-income securities, including hybrid-preferred securities, corporate debt obligations and debt securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, although the Fund may invest no more than 20% of its Managed Assets in securities issued by issuers other than MLPs and Energy Investments. Such debt securities may include those that, at the time of investment, are rated below investment grade (below Baa3 or BBB-) by Moody’s, S&P, Fitch or an equivalent rating by an NRSRO or that are unrated but judged to be below investment grade by the Investment Manager at the time of purchase. Such securities are commonly known as “high yield bonds” or “junk bonds.” A security will be considered to be investment grade if it is rated as such by one of Moody’s, S&P, Fitch or another NRSRO or, if unrated, are judged to be investment grade by the Investment Manager at the time of purchase. The rate of interest on a debt obligation may be fixed, floating or variable. The Fund may invest in debt securities without regard to their maturity or credit rating.

Foreign (Non-U.S.) Securities and Depositary Receipts. The Fund may invest in securities of foreign issuers, or sponsored and unsponsored depositary receipts for such securities. Depositary receipts may take the form of ADRs, GDRs and EDRs. Generally, an ADR in registered form is a dollar denominated security designed for use in the U.S. securities markets, which represents and may be converted into an underlying foreign security. GDRs, in bearer form, are designated for use outside the United States. EDRs, in bearer form, are designed for use in the European securities markets. The Fund may invest in foreign issuers in both developed and emerging markets.

Other Investment Companies. The Fund may invest in securities of closed-end funds, open-end funds, ETFs and other investment companies, including funds that invest primarily in MLPs and Energy Investments, to the extent permitted under Section 12(d)(1) of the 1940 Act and the rules thereunder, or any exemption granted under the 1940 Act. An investment in the shares of another fund is subject to the risks associated with that fund’s portfolio securities. To the extent the Fund invests in shares of another fund, Fund shareholders would indirectly pay a portion of that fund’s expenses, including advisory fees, brokerage and other distribution expenses. These fees and expenses are in addition to the direct expenses of the Fund’s own operations. Common Shareholders would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies. The securities of other investment companies may also be leveraged and will therefore be subject to similar leverage risks to which the Fund is subject. As described in the sections entitled “Use of Leverage” in the prospectus summary and “Use of Leverage—Leverage Risk” in this prospectus, the net asset value and market value of leveraged shares will be more volatile and the yield to shareholders will tend to fluctuate more than the yield generated by unleveraged shares. Investment companies may have investment policies that differ from
those of the Fund. In addition, to the extent the Fund invests in other investment companies, the Fund will be
dependent upon the investment and research abilities of persons other than the Investment Manager. The Fund’s
investments in other investment companies may be limited by tax considerations. Investments in investment
companies that invest primarily in MLPs will have different tax characteristics than equity securities of MLPs.

**Derivatives Transactions.** The Fund may, but is not required to, use, without limit, various Derivatives
Transactions described below to seek to generate return, facilitate portfolio management and mitigate risks.
Although the Investment Manager may seek to use these kinds of transactions to further the Fund’s investment
objective, no assurance can be given that it will achieve this result. The Fund may enter into (buy or sell)
exchange-listed and OTC put and call options on securities (including securities of investment companies and
baskets of securities), indices, and other financial instruments; purchase and sell financial futures contracts and
options thereon; enter into various interest rate transactions, such as swaps, caps, floors or collars or credit
transactions; equity index, total return and credit default swaps; forward contracts; and structured investments. In
addition, the Fund may enter into various currency transactions, such as forward currency contracts, currency
futures contracts, currency swaps or options on currency or currency futures. The Fund also may purchase and
sell derivative instruments that combine features of these instruments. The Fund may invest in other types of
derivatives, structured and similar instruments which are not currently available but which may be developed in
the future. Collectively, all of the above are referred to as “Derivatives Transactions.”

Derivatives Transactions can be highly volatile and involve various types and degrees of risk, depending
upon the characteristics of the particular derivative, including the imperfect correlation between the value of such
instruments and the underlying assets, the possible default of the other party to the transaction and illiquidity of
the derivative instruments. Derivatives Transactions may entail investment exposures that are greater than their
cost would suggest, meaning that a small investment in derivatives could have a large potential impact on the
Fund’s performance, effecting a form of investment leverage on the Fund’s portfolio. In certain types of
Derivatives Transactions the Fund could lose the entire amount of its investment; in other types of Derivatives
Transactions the potential loss is theoretically unlimited.

The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in
significant, rapid and unpredictable changes in the prices for Derivatives Transactions. The Fund could
experience losses if it were unable to liquidate its position because of an illiquid secondary market. Although
both OTC and exchange-traded derivatives markets may experience the lack of liquidity, OTC non-standardized
Derivative Transactions are generally less liquid than exchange-traded instruments. The illiquidity of the
derivatives markets may be due to various factors, including congestion, disorderly markets, limitations on
deliverable supplies, the participation of speculators, government regulation and intervention, and technical and
operational or system failures. In addition, the liquidity of a secondary market in an exchange-traded derivative
contract may be adversely affected by “daily price fluctuation limits” established by the exchanges which limit
the amount of fluctuation in an exchange-traded contract price during a single trading day. Once the daily limit
has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the
liquidation of open positions. Prices have in the past moved beyond the daily limit on a number of consecutive
trading days. If it is not possible to close an open derivative position entered into by the Fund, the Fund would
continue to be required to make cash payments of variation (or mark-to-market) margin in the event of adverse
price movements. In such a situation, if the Fund has insufficient cash, it may have to sell portfolio securities to
meet variation margin requirements at a time when it may be disadvantageous to do so. The absence of liquidity
may also make it more difficult for the Fund to ascertain a market value for such instruments. The inability to
close Derivatives Transactions positions also could have an adverse impact on the Fund’s ability to effectively
hedge its portfolio.

Successful use of Derivatives Transactions also is subject to the ability of the Investment Manager to predict
correctly movements in the direction of the relevant market and, to the extent the transaction is entered into for
hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price
movements of the derivatives. Derivatives Transactions entered into to seek to manage the risks of the Fund’s
portfolio of securities may have the effect of limiting gains from otherwise favorable market movements. The use
of Derivatives Transactions may result in losses greater than if they had not been used (and a loss on a
Derivatives Transaction position may be larger than the gain in a portfolio position being hedged, may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold a security that it might otherwise sell. Amounts paid by the Fund as premiums and cash or other assets held as collateral with respect to Derivatives Transactions may not otherwise be available to the Fund for investment purposes. The use of currency transactions can result in the Fund incurring losses as a result of the imposition of exchange controls, political developments, government intervention or failure to intervene, suspension of settlements or the inability of the Fund to deliver or receive a specified currency.

Structured notes and other related instruments carry risks similar to those of more traditional derivatives such as futures, forward and option contracts. However, structured instruments may entail a greater degree of market risk and volatility than other types of debt obligations.

The Fund will be subject to credit risk with respect to the counterparties to certain Derivatives Transactions entered into by the Fund. Derivatives may be purchased on established exchanges or through privately negotiated OTC transactions. Each party to an OTC derivative bears the risk that the counterparty will default.

If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. The counterparty risk for cleared Derivatives Transactions is generally lower than for uncleared OTC Derivatives Transactions since generally a clearing organization becomes substituted for each counterparty to a cleared derivative contract and, in effect, guarantees the parties’ performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy their obligations to the Fund.

The Investment Manager has claimed an exclusion from the definition of commodity pool operator with respect to the Fund and, therefore, is not subject to registration with the CFTC pursuant to CFTC rule 4.5 or regulation as a commodity pool operator under the CEA with respect to the Fund.

Option Strategy. The Fund may write (or sell) put or call options on indexes or securities with the intention of earning option premiums. In addition, the Fund may write call options if it desires to exit a position when the price of the underlying security rises to a particular level or it may write put options if it desires to acquire an investment at a price below the market price. The Fund may also engage in these transactions in an effort to profit from market movements. The options that the Fund writes may be covered or uncovered. The extent to which the Fund uses the Option Strategy, if at all, will be based on market conditions and will vary from time to time. Under normal market conditions, the notional value of the uncovered (i.e., naked) call options written by the Fund will not exceed 20% of the value of the Fund’s Managed Assets.

An option on a security or index is a contract that gives the holder of the option, in return for a premium, the right (but not the obligation) to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the security underlying the option (or the cash value of the index underlying the option) at a specified price (the “exercise price”). Upon exercise, the writer of an option on a security has the obligation to deliver the underlying security upon payment of the exercise price or to pay the exercise price upon delivery of the underlying security. Upon exercise, the writer of an option on an index is required to pay the difference between the cash value of the index and the exercise price multiplied by the specified multiplier for the index option. When the Fund writes (i.e., sells) a call option on a security held by the Fund (or a security that the Fund has the right to acquire at the same or lesser price than the exercise price of the written call), the written call option is called a “covered call.” If the Fund does not own the security underlying the written call option, or a right to acquire the security underlying the written call option at a price the same or lesser than the exercise price of the written call option, the written call option is known as a “naked call.” Similarly, when the Fund writes (i.e., sells) a put option, the position is considered covered if it owns a corresponding short position in the reference security and naked if the Fund does not own a corresponding short position in the reference security.
The values of options are determined by trading activity in the broad options markets and will be affected by, among other factors, changes in the value of the underlying securities (including those comprising an index) in relation to the exercise price, changes in dividend rates of underlying securities, changes in interest or currency rates, changes in actual or perceived volatility of the stock market and the time remaining until the expiration date.

Call option writing will reduce the potential to benefit from any appreciation in the portion of the Fund’s stock portfolio with respect to which call options are written. In effect, the Fund forgoes, during the life of the option, the opportunity to profit from increases in the market value of the underlying security or securities held by the Fund with respect to which the option was written above the sum of the premium and the exercise price. For index options, this will depend, in part, on the extent of correlation of the performance of the Fund’s portfolio securities with the performance of the relevant index. Put option writing exposes the Fund to the risk that it may be required to purchase the underlying security for an exercise price higher than its then-current market price, resulting in a loss on exercise equal to the amount by which the market price of the security is below the exercise price minus the premium received.

When the Fund writes a naked call option (i.e., without holding the underlying security or instrument), the amount of the Fund’s potential loss would be theoretically unlimited. Put option writing exposes the Fund to the risk that it may be required to purchase the underlying security for an exercise price higher than its then-current market price, resulting in a loss on exercise equal to the amount by which the market price of the security is below the exercise price minus the premium received.

The transaction costs of buying and selling options consist primarily of the bid-ask spread and commissions (imposed in opening, closing, exercise and assignment transactions). Transaction costs may be higher for transactions effected in foreign markets than for transactions effected in U.S. markets. Transaction costs will decrease the amount of any gain or increase the amount of any loss the Fund realizes on an option. The Fund may seek to close out (terminate) an option it has written by buying an offsetting option or, in the case of some OTC options, agreeing with the option purchaser to terminate the transaction prior to its expiration date. If the Fund terminates an option prior to its expiration, the Fund will have to make a cash payment equal to the value of the option and may incur additional transaction costs. There can be no assurance that the Fund will be able to close out an option written by it at any particular time or at a favorable price.

The Fund generally writes options that are “at-the-money” (the exercise price of the option is equal to the value of the underlying index or stock when the option is written) or “close-to-the-money” (with an exercise price close to the current cash value of the underlying index or the market value of the underlying security when the option is written), but reserves the flexibility to write options that are more substantially “out-of-the-money” (with an exercise price above the current cash value of the underlying index or the market value of the underlying security when the option is written) or are “in-the-money” (with an exercise price below the current cash value of the underlying index or market value of the underlying security when the option is written), based on market conditions and other factors.

A securities index assigns relative values to the securities included in the index (which change periodically), and the index fluctuates with changes in the market values of those securities. An index option typically relates to the securities included in that index. The exercise of an index option requires a cash payment and does not involve the actual purchase or sale of securities. The Fund may write options on “broad-based” market indexes, as well as on narrower indexes, such as those in respect of select sectors. The Fund also may write options on ETFs and other similar instruments designed to correlate with the performance of an index or market segment. The Fund may write options on select sectors and single stocks. The underlying instruments on which the Fund writes options may be sponsored or issued by, or representative of, U.S. or foreign (non-U.S.) indexes or entities.

The Fund may write listed/exchange-traded options contracts, as well as unlisted OTC options, particularly with respect to options on foreign securities or indexes. Listed option contracts in the United States are originated and standardized by the Options Clearing Corporation (the “OCC”). Listed call options are currently traded on the NYSE, the Chicago Board Options Exchange and various other U.S. exchanges, as well as on various foreign exchanges. OTC options are not originated and standardized by the OCC or any other exchange or clearinghouse.
and are not listed and traded on an options exchange, and therefore involve increased liquidity, counterparty and other risks. See “Principal Risks—Option Strategy Risk.”

Conventional options have expiration dates that can generally be up to nine months from the date the options are first listed for trading. Longer-term options can have expiration dates up to three years from the date of listing. The options the Fund intends to write may be either “European-style” options, which may be exercised only during a specified period of time just prior to the expiration date, or “American-style” options, which may be exercised at any time between the date of purchase and the expiration date.

**Illiquid Securities.** The Fund may invest up to 20% of its Managed Assets in investments that may be illiquid (i.e. securities that are not readily marketable). Such securities may include MLPs and Energy Investments and non-MLPs and non-Energy Investments. For this purpose, illiquid securities include, among others, securities that are illiquid by virtue of the absence of a readily available market or legal or contractual restrictions on resale. Securities that have legal or contractual restrictions on resale but have a readily available market are not deemed illiquid for purposes of this 20% limitation.

Limitations on resale may have an adverse effect on the marketability of portfolio securities and the Fund might be unable to dispose of restricted or other illiquid securities promptly or at reasonable prices. The Fund might also have to register such restricted securities in order to dispose of them, resulting in additional expense and delay. Adverse market conditions could impede such a public offering of securities.

In recent years, however, an institutional market has developed for certain securities that are not registered under the Securities Act, including repurchase agreements, commercial paper, foreign securities, municipal securities and corporate bonds and notes. Institutional investors depend on an efficient institutional market in which the unregistered security can be readily resold or on an issuer’s ability to honor a demand for repayment. The fact that there are contractual or legal restrictions on resale to the general public or to certain institutions may not be indicative of the liquidity of such investments.

Rule 144A under the Securities Act allows a broader institutional trading market for securities otherwise subject to restriction on resale to the general public. Rule 144A establishes a safe harbor from the registration requirements of the Securities Act of resales of certain securities to qualified institutional buyers, which generally creates a more liquid market for securities eligible for resale under Rule 144A than other types of restricted securities.

The Board of Directors has delegated to the Investment Manager the day-to-day determination of the illiquidity of any security held by the Fund, although it has retained general oversight and ultimate responsibility for such determinations. The Board of Directors and/or the Investment Manager will consider factors such as (i) the nature of the market for a security (including the institutional private resale market; the frequency of trades and quotes for the security; the number of dealers willing to purchase or sell the security; the amount of time normally needed to dispose of the security; and the method of soliciting offers and the mechanics of transfer), (ii) the terms of certain securities or other instruments allowing for the disposition to a third party or the issuer thereof (e.g., certain repurchase obligations and demand instruments) and (iii) other permissible relevant factors.

**When-Issued and Delayed Delivery Transactions.** The Fund may buy and sell securities on a when-issued or delayed delivery basis, making payment or taking delivery at a later date, normally within 15 to 45 days of the trade date. This type of transaction may involve an element of risk because no interest accrues on the securities prior to settlement and, because securities are subject to market fluctuations, the value of the securities at time of delivery may be less (or more) than cost. A separate account of the Fund will be established with its custodian consisting of cash equivalents or liquid securities having a market value at all times at least equal to the amount of the commitment.

**Portfolio Turnover.** The Fund may engage in portfolio trading when considered appropriate, but short-term trading will not be used as the primary means of achieving the Fund’s investment objective. There are no limits on portfolio turnover, and investments may be sold without regard to length of time held when, in the
opinion of the Investment Manager, investment considerations warrant such action. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. High portfolio turnover may result in the realization of net short-term capital gains, which would be taxable as ordinary income to Common Shareholders that hold shares in a taxable account when distributed to such shareholders. High portfolio turnover at the Subsidiary level may result in the acceleration of the recognition of income, including recapture income, or gain by the Subsidiary. As a result, the Subsidiary may be required to pay a greater amount of taxes than it would have been required to pay in the absence of high portfolio turnover, which taxes will reduce the amount available for investing.

Temporary Defensive Positions. For temporary defensive purposes or to keep cash on hand fully invested, and following the offering of the Common Shares pending investment in securities that meet the Fund’s investment objective, the Fund may invest up to 100% of its total assets in cash, cash equivalents, government securities and short-term fixed income securities. When and to the extent the Fund assumes a temporary defensive position, the Fund may not pursue or achieve its investment objective.

USE OF LEVERAGE

The Fund may seek to enhance the level of its current distributions to its Common Shareholders through the use of leverage. Under the 1940 Act, the Fund may use leverage through borrowings in an aggregate amount of up to 33⅓% of the Fund’s Managed Assets immediately after such borrowings. After the Fund has fully invested the net proceeds of this offering, the Fund currently intends to incur Borrowings in an initial aggregate amount (together with any leverage used by the Subsidiary) of approximately 30% (as determined immediately after such Borrowings) of the value of its Managed Assets. Although the Fund currently does not intend to do so, the Fund also may use leverage through the issuance of Preferred Shares in an aggregate amount of up to 50% of the Fund’s Managed Assets immediately after such issuance. In addition to Borrowings and the issuance of Preferred Shares, the Fund may enter into certain investment management strategies, such as Reverse Repurchase Agreements or Derivatives Transactions (collectively, “effective leverage”), to achieve leverage.

The Fund considers effective leverage to result from any investment strategy which is used to increase gross investment exposure in excess of the Fund’s net asset value. Effective leverage does not include exposure obtained for hedging purposes, from securities lending, or to manage the Fund’s interest rate exposure. The Fund will not enter into any leverage transaction if, immediately after such transaction, the Fund’s total leverage including any Borrowings and Preferred Shares and effective leverage incurred exceeds 50% of the Fund’s Managed Assets. In accordance with the 1940 Act and related guidance, it is possible that after entering into a leveraging transaction, the assets of the Fund decline due to market conditions such that this 50% limit will be exceeded. In that case, the leverage risk to Common Shareholders will increase. The Fund does not currently anticipate issuing any Preferred Shares and/or debt securities other than Borrowings.

There is no assurance that the Fund will utilize leverage or, if leverage is utilized, that it will be successful in enhancing the level of its cash distributions or total return. The net asset value of the Fund’s Common Shares may be reduced by the issuance or incurrence costs of any leverage. Through leveraging, the Fund will seek to obtain a higher return for Common Shareholders than if the Fund did not utilize leverage. Leverage is a speculative technique and there are special risks and costs associated with leverage. There can be no assurance that a leveraging strategy will be successful during any period in which it is employed. When leverage is used, the net asset value and market price of the Common Shares and the yield to Common Shareholders will be more volatile. In addition, because the fees received by the Investment Manager are based on the Managed Assets of the Fund (including the liquidation preference of Preferred Shares, the principal amount of outstanding Borrowings and the proceeds of any Reverse Repurchase Agreements), the Investment Manager has a financial incentive for the Fund to use certain forms of leverage (e.g., Borrowings, Preferred Shares and Reverse Repurchase Agreements), which may create a conflict of interest between the Investment Manager, on the one hand, and the Common Shareholders, on the other hand.

Under the 1940 Act, the Fund generally is not permitted to borrow money if, immediately after such Borrowing, the principal amount of such Borrowings exceeds 33⅓% of the Fund’s assets less liabilities other
than the Borrowings (i.e., the value of the Fund’s assets must be at least 300% of the principal amount of any Borrowings). In addition, depending on the terms of the Borrowings, the Fund may not be permitted to declare any cash dividend or other distribution on its Common Shares unless, at the time of such declaration, the value of the Fund’s assets, less liabilities other than the Borrowings, is at least 300% of such principal amount. If the Fund borrows, the Fund intends, to the extent possible, to prepay all or a portion of the principal amount of the Borrowing to the extent necessary in order to maintain the required asset coverage. Failure to maintain certain asset coverage requirements could result in an event of default and entitle the debt holders to elect a majority of the Board of Directors.

Under the 1940 Act, the Fund is not permitted to issue Preferred Shares if, immediately after such issuance, the liquidation value of the outstanding Preferred Shares exceeds 50% of the Fund’s assets (including the proceeds from the issuance) less liabilities other than Borrowings (i.e., the value of the Fund’s assets must be at least 200% of the liquidation value of the outstanding Preferred Shares). In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Common Shares unless, at the time of such declaration, the value of the Fund’s assets less liabilities other than Borrowings is at least 200% of such liquidation value. If the Fund issues Preferred Shares, the Fund intends, to the extent possible, to purchase or redeem Preferred Shares from time to time to the extent necessary in order to maintain coverage of any Preferred Shares of at least 200%. If the Fund has Preferred Shares outstanding, two of the members of the Fund’s Board of Directors will be elected by the holders of preferred shares, voting separately as a class. The remaining members of the Board of Directors of the Fund will be elected by Common Shareholders and Preferred Shares voting together as a single class. In the event the Fund failed to pay dividends on Preferred Shares for two years, holders of Preferred Shares would be entitled to elect a majority of the Board of Directors of the Fund. See “Description of Shares—Preferred Shares.” The Fund has no current intention to issue Preferred Shares.

The Fund may enter into Reverse Repurchase Agreements involving the transfer by the Fund of portfolio securities to a financial institution with an agreement to repurchase such securities on a future date at a specified price. In return, the financial institution provides financing to the Fund equal to the discounted value of such securities. The use by the Fund of Reverse Repurchase Agreements effects a form of economic leverage, because the proceeds derived from such Reverse Repurchase Agreements may be invested in additional securities. At the time the Fund enters into a Reverse Repurchase Agreement, it will “cover” its exposure under the Reverse Repurchase Agreement by designating on its books and records liquid instruments having a value not less than the repurchase price (including accrued interest). As a result, a Reverse Repurchase Agreement will not be considered a Borrowing by the Fund for purposes of the 1940 Act. The amount of financing the Fund may obtain through Reverse Repurchase Agreements will not exceed 33⅓% of the Fund’s Managed Assets; however, the Fund has no current intention to use Reverse Repurchase Agreements for leverage.

In determining whether to issue Preferred Shares or enter into Reverse Repurchase Agreements, the Board of Directors would consider a variety of factors, including, but not limited to, the recommendations of the Investment Manager with respect to various available leverage alternatives, as well as information relating to the yield curve environment, interest rate trends, market conditions, the cost of leverage, and potential litigation risks.

The Subsidiary also may engage in Borrowings and Reverse Repurchase Agreements. For purposes of complying with leverage requirements under the 1940 Act, the Fund and the Subsidiary will be considered a single entity and therefore will comply with such requirements on a consolidated basis.

As noted above, the Fund may engage in various Derivatives Transactions described in this prospectus to seek to generate return, facilitate portfolio management and mitigate risks. Although certain Derivatives Transactions are not treated as leverage for purposes of the limits set forth above, certain Derivatives Transactions effect a form of economic leverage on the Fund’s portfolio and may be subject to the risks associated with the use of leverage. See “Investment Objective and Policies—Derivatives Transactions.”
The Fund may be subject to certain restrictions imposed by either guidelines of one or more rating agencies which may issue ratings for leverage or, if the Fund borrows from a lender, by the lender. These restrictions may impose asset coverage or portfolio composition requirements that are more stringent than those currently imposed on the Fund by the 1940 Act.

**Effects of Leverage**

Assuming that leverage in the form of Borrowings will represent up to 30% of the Fund’s Managed Assets and charge interest or involve payment at a rate set by an interest rate transaction at an annual average rate of approximately 1.84%, the income generated by the Fund’s portfolio (net of estimated expenses) must exceed .55% in order to cover such interest payments or payment rates and other expenses specifically related to leverage. Of course, these numbers are merely estimates, used for illustration. Actual interest or payment rates may vary frequently and may be significantly higher or lower than the rate estimated above.

The following table is furnished in response to requirements of the Securities and Exchange Commission (the “SEC”). It is designed to illustrate the effect of leverage on Common Share total return, assuming investment portfolio total returns (comprised of income and changes in the value of investments held in the Fund’s portfolio) of -10%, -5%, 0%, 5% and 10%. These assumed investment portfolio returns are hypothetical figures and are not necessarily indicative of the investment portfolio returns expected to be experienced by the Fund. The table assumes leverage in an aggregate amount equal to 30% of the Fund’s Managed Assets. See “Leverage Risk” below.

<table>
<thead>
<tr>
<th>Assumed Portfolio Total Return</th>
<th>-10%</th>
<th>-5%</th>
<th>0%</th>
<th>5%</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Share Total Return</td>
<td>-15.1%</td>
<td>-7.9%</td>
<td>-.8%</td>
<td>6.4%</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

Common Share total return is comprised of two elements – the Common Share dividends paid by the Fund (the amount of which is largely determined by the net investment income of the Fund after paying interest expenses on the Fund’s Borrowings as described above and dividend payments on any Preferred Shares issued by the Fund) and gain and losses on the value of the securities the Fund owns. As required by the rules of the SEC, the table assumes the Fund is more likely to suffer capital losses than to enjoy capital appreciation. For example, to assume a total return of 0%, the Fund must assume that the income it receives on its investment is entirely offset by losses in the value of those securities (including the proceeds from entering into a Reverse Repurchase Agreement).

If the Fund uses leverage, the amount of fees paid to the Investment Manager for its services will be higher than if the Fund does not use leverage because the fees paid are calculated based on Managed Assets, which includes assets purchased with leverage. Therefore, the Investment Manager has a financial incentive to use leverage, which creates a conflict of interest between the Investment Manager and Common Shareholders, as only the Common Shareholders would bear the fees and expenses incurred through the Fund’s use of leverage. The Fund’s willingness to use leverage, and the extent to which leverage is used at any time, will depend on many factors, including among other things, the Investment Manager’s assessment of the yield curve, interest rate trends, market conditions and other factors. See “Summary of Fund Expenses.”

**Leverage Risk**

Utilization of leverage is a speculative investment technique and involves certain risks to Common Shareholders. These include the possibility of higher volatility of the net asset value of and distributions on the Common Shares and potentially more volatility in the market value of the Common Shares. So long as the Fund is able to realize a higher net return on its investment portfolio than the then current cost of any leverage together with other related expenses, the effect of the leverage will be to cause Common Shareholders to realize higher current net investment income than if the Fund were not so leveraged. On the other hand, to the extent that the then current cost of any leverage, together with other related expenses, approaches the net return on the Fund’s investment portfolio, the benefit of leverage to Common Shareholders will be reduced, and if the then current cost of any leverage were to exceed the net return on the Fund’s portfolio, the Fund’s leveraged capital structure would result in a lower rate of return to Common Shareholders than if the Fund were not so leveraged.
Any decline in the net asset value of the Fund’s investments will be borne entirely by Common Shareholders. Therefore, if the market value of the Fund’s portfolio declines, the leverage will result in a greater decrease in net asset value to Common Shareholders than if the Fund were not leveraged. Such greater net asset value decrease will also tend to cause a greater decline in the market price for the Common Shares. To the extent that the Fund is required or elects to redeem any Preferred Shares or prepay any Borrowings or Reverse Repurchase Agreements, the Fund may need to liquidate investments to fund such redemptions or prepayments. Liquidation at times of adverse economic conditions may result in capital loss and reduce returns to Common Shareholders.

In addition, such redemption or prepayment would likely result in the Fund seeking to terminate early all or a portion of any swap or cap transaction and could result in a termination payment by or to the Fund. See “— Interest Rate Transactions” below.

The use by the Fund of leverage through Reverse Repurchase Agreements involves additional risks, including the risk that the market value of the securities acquired with the proceeds of the Reverse Repurchase Agreement may decline below the repurchase price of the securities the Fund has sold but is obligated to repurchase. Also, Reverse Repurchase Agreements involve the risk that the market value of the securities retained in lieu of sale by the Fund in connection with the Reverse Repurchase Agreement may decline in price. If the buyer of securities under a Reverse Repurchase Agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Fund’s obligation to repurchase the securities, and the Fund’s use of the proceeds of the reverse repurchase agreement may effectively be restricted pending such decision. The use by the Fund of leverage through Reverse Repurchase Agreements also would involve the risk that the Fund will be required to sell securities at inopportune times or prices in order to repay leverage and the risk that the counterparty may be unable to return the securities to the Fund.

The Subsidiary also may engage in Borrowings and Reverse Repurchase Agreements, which would create similar risks as leveraging the Fund’s investment portfolio.

**Interest Rate Transactions**

In order to seek to reduce interest rate risk if the Fund engages in leverage, the Fund may enter into interest rate swap or cap transactions as to all or a portion of Fund leverage. In an interest rate swap, the Fund would agree to pay its counterparty to the interest rate swap a fixed rate payment in exchange for the counterparty agreeing to pay the Fund a variable rate payment that is intended to approximate the Fund’s variable rate payment obligation on the Preferred Shares or any variable rate borrowing. The payment obligation would be based on the notional amount of the swap. In an interest rate cap, the Fund would pay a premium to the counterparty to the interest rate swap and to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. The Fund would typically use interest rate swaps or caps with the intent to reduce or eliminate the risk that an increase in short-term interest rates could have on the performance of the Fund’s Common Shares as a result of leverage. The Fund may choose not to enter into interest rate swap or cap transactions or to enter into them to a limited extent, in which case the Fund would have greater exposure to interest rate risk.

The use of interest rate swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. Depending on the state of interest rates in general, our use of interest rate swaps or caps could enhance or harm the overall performance of the Common Shares. To the extent there is a decline in interest rates, the value of the interest rate swap or cap could decline, and could result in a decline in the net asset value of the Common Shares. In addition, if short-term interest rates are lower than our rate of payment on the interest rate swap, this will reduce the performance of the Fund’s Common Shares. If, on the other hand, short-term interest rates are higher than our rate of payment on the interest rate swap, this will enhance the performance of the Fund’s Common Shares. Buying interest rate caps could enhance the performance of the Fund’s Common Shares by providing a maximum leverage expense. Buying interest rate caps could also decrease the net income of the Fund’s Common Shares in the event that the premium paid by the Fund to the counterparty exceeds the additional amount the Fund would have been required
to pay had it not entered into the cap agreement. The Fund has no current intention of selling an interest rate swap or cap. The Fund will not enter into interest rate swap or cap transactions with an aggregate notional amount that exceeds the outstanding amount of the Fund’s leverage.

Interest rate swaps and caps do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that the Fund is contractually obligated to make. In addition, if the counterparty to an interest rate swap or cap defaults, the Fund would not be able to use the anticipated net receipts under the swap or cap to offset dividend or interest payments. Depending on whether the Fund would be entitled to receive net payments from the counterparty on the swap or cap, which in turn would depend on the general state of short-term interest rates at that point in time, such default could negatively impact the performance of the Fund’s Common Shares. Although this will not guarantee that the counterparty does not default, the Fund will not enter into an interest rate swap or cap transaction with any counterparty that the Investment Manager believes does not have the financial resources to honor its obligation under the interest rate swap or cap transaction. Further, the Investment Manager will continually monitor the financial stability of a counterparty to an interest rate swap or cap transaction in an effort to proactively protect the Fund’s investments. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the performance of the Common Shares.

The Fund will usually enter into swaps on a net basis; that is, the two payment streams will be netted out in a cash settlement on the payment date or dates specified in the instrument, with the Fund receiving or paying, as the case may be, only the net amount of the two payments. The Fund intends to maintain in a segregated account with its custodian cash or liquid securities having a value at least equal to the Fund’s net payment obligations under any swap transaction, marked to market daily.

The Fund may choose or be required to prepay any Borrowings or principal amounts of Reverse Repurchase Agreements, or redeem some or all of any outstanding Preferred Shares. This redemption or prepayment would likely result in the Fund seeking to terminate early all or a portion of any swap or cap transaction. Such early termination could result in termination payment by or to the Fund.
PRINCIPAL RISKS OF THE FUND

The Fund is a newly organized, non-diversified, closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objective.

No Operating History. The Fund is a newly organized, non-diversified, closed-end management investment company with no operating history.

Investment Risk. An investment in the Fund is subject to investment risk, including the possible loss of the entire principal amount that you invest.

Market Risk. Your investment in Common Shares represents an indirect investment in the MLP interests, common stock, preferred securities, debt instruments and other securities and instruments owned by the Fund or the Subsidiary, a significant portion of which are traded on a national securities exchange or in the OTC markets. The value of these securities, like other investments, may move up or down, sometimes rapidly and unpredictably. Your Common Shares at any point in time may be worth less than what you invested, even after taking into account the reinvestment of Fund dividends and distributions. The Fund may utilize leverage, which magnifies the market risk. See “Use of Leverage—Leverage Risk.”

Risks of Equity Securities of MLPs.

• Limited Partner Risk. An investment in MLPs involves risks that differ from a similar investment in equity securities, such as common stock, of a corporation. Holders of equity securities issued by MLPs have the rights typically afforded to limited partners in a limited partnership. As compared to common shareholders of a corporation, holders of such equity securities have more limited control and limited rights to vote on matters affecting the partnership. There are certain tax risks associated with an investment in equity MLP units (described further under “Tax Risks” below). Additionally, conflicts of interest may exist among common unit holders, subordinated unit holders and the general partner or managing member of an MLP; for example a conflict may arise as a result of incentive distribution payments.

• Affiliated Party Risk. Certain MLPs in which the Fund may invest depend upon their parent or sponsor entities for the majority of their revenues. If their parent or sponsor entities fail to make such payments or satisfy their obligations, the revenues and cash flows of such MLPs and ability of such MLPs to make distributions to unit holders, such as the Fund, would be adversely affected.

• General Equity Securities Risk. Equity securities issued by MLPs also are subject to the risks associated with all equity investments, including the risk that the value of such securities will fall due to general market or economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate, changes in interest rates, and the particular circumstances and performance of particular companies whose securities the Fund holds. The price of an equity security of an issuer may be particularly sensitive to general movements in the stock market, or a drop in the stock market may depress the price of most or all of the equity securities held by the Fund. In addition, equity securities of MLPs and MLP affiliates held by the Fund may decline in price if the issuer fails to make anticipated distributions or dividend payments because, among other reasons, the issuer experiences a decline in its financial condition.

• Risks of MLP Subordinated Units. MLP subordinated units typically are convertible to MLP common units at a one-to-one ratio. The price of MLP subordinated units is typically tied to the price of the corresponding MLP common unit, less a discount. The size of the discount depends upon a variety of factors, including the likelihood of conversion, the length of time remaining until conversion and the size of the block of subordinated units being purchased or sold.

Risks of Debt Securities of MLPs. Debt securities issued by MLPs are subject to the risks associated with all debt investments, including interest rate risk, credit risk and lower rated securities risk. See “—Interest Rate Risk” and “—Credit and Below Investment Grade Securities Risk” below.
**Risks of the Securities of MLP Affiliates and MLP I-Shares.** Securities of MLP affiliates and MLP I-Shares represent an indirect investment in the equity securities of MLPs. Prices and volatilities of the securities of MLP affiliates and MLP I-Shares tend to correlate to the price of MLP common units. Holders of the securities of MLP affiliates and MLP I-Shares are therefore subject to the same risks as holders of equity securities of MLPs.

**Risks of MLP Funds.** Investment companies that invest significantly in MLPs are subject to the risks associated with all investment companies. See “—Risks of Investing in Other Investment Companies” below.

**Risks of ETNs.** ETNs are subject to the credit risk of the sponsoring institution. ETNs that track the performance of MLPs or MLP indices are also subject to the risks applicable to investments in MLPs.

**Energy Sector Risks.** Because the Fund will invest at least 80% of its Managed Assets in MLPs and Energy Investments, the Fund will be subject to more risks related to the energy sector than if the Fund were more broadly diversified over numerous sectors of the economy. A downturn in the energy sector of the economy could have a larger impact on the Fund than on an investment company that does not concentrate in the sector. At times, the performance of securities of companies in the sector may lag the performance of other sectors or the broader market as a whole. In addition, there are several specific risks associated with investments in the energy sector, including the following:

- **Commodity Price Risk.** MLPs and other entities operating in the energy sector may be affected by fluctuations in the prices of energy commodities, including, for example, natural gas, natural gas liquids, crude oil, and coal, in the short- and long-term. Fluctuations in energy commodity prices would impact directly companies that own such energy commodities and could impact indirectly companies that engage in transportation, storage, processing, distribution or marketing of such energy commodities. Fluctuations in energy commodity prices can result from changes in general economic conditions or political circumstances (especially of key energy producing and consuming countries); market conditions; weather patterns; domestic production levels; volume of imports; energy conservation; domestic and foreign governmental regulation; international politics; policies of OPEC; taxation; tariffs; and the availability and costs of local, intrastate and interstate transportation methods. The energy sector as a whole may also be impacted by the perception that the performance of energy sector companies is directly linked to commodity prices. High commodity prices may drive further energy conservation efforts, and a slowing economy may adversely impact energy consumption, which may adversely affect the performance of MLPs and other companies operating in the energy sector. Recent economic and market events have fueled concerns regarding potential liquidations of commodity futures and options positions.

- **Depletion Risk.** MLPs and other entities engaged in the exploration, development, management or production of energy commodities face the risk that commodity reserves are depleted over time. Such companies seek to increase their reserves through expansion of their current businesses, acquisitions, further development of their existing sources of energy commodities, exploration of new sources of energy commodities or by entering into long-term contracts for additional reserves; however, there are risks associated with each of these potential strategies. If such companies fail to acquire additional reserves in a cost-effective manner and at a rate at least equal to the rate at which their existing reserves decline, their financial performance may suffer. Additionally, failure to replenish reserves could reduce the amount and affect the tax characterization of the distributions paid by such companies.

- **Supply and Demand Risk.** MLPs and other entities operating in the energy sector could be adversely affected by reductions in the supply of or demand for energy commodities. The volume of production of energy commodities and the volume of energy commodities available for transportation, storage, processing or distribution could be affected by a variety of factors, including depletion of resources; depressed commodity prices; catastrophic events; labor relations; increased environmental or other governmental regulation; equipment malfunctions and maintenance difficulties; import volumes; international politics, policies of OPEC; and increased competition
from alternative energy sources. Alternatively, a decline in demand for energy commodities could result from factors such as adverse economic conditions (especially in key energy-consuming countries); increased taxation; increased environmental or other governmental regulation; increased fuel economy; increased energy conservation or use of alternative energy sources; legislation intended to promote the use of alternative energy sources; or increased commodity prices.

- **Regulatory Risk.** The energy sector is highly regulated. MLPs and other entities operating in the energy sector are subject to significant regulation of nearly every aspect of their operations by federal, state and local governmental agencies. Such regulation can change over time in both scope and intensity. For example, a particular input or by-product may be declared hazardous by a regulatory agency and unexpectedly increase production costs. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may adversely affect the financial performance of MLPs. Specifically, the operations of wells, gathering systems, pipelines, refineries and other facilities are subject to stringent and complex federal, state and local environmental laws and regulations. These include, for example:
  - the federal Clean Air Act and comparable state laws and regulations that impose obligations related to air emissions;
  - the federal Clean Water Act and comparable state laws and regulations that impose obligations related to discharges of pollutants into regulated bodies of water;
  - the federal RCRA and comparable state laws and regulations that impose requirements for the handling and disposal of waste from facilities; and
  - the federal CERCLA, also known as “Superfund,” and comparable state laws and regulations that regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by MLPs or at locations to which they have sent waste for disposal.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements, and the issuance of orders enjoining future operations. Certain environmental statutes, including RCRA, CERCLA, the federal Oil Pollution Act and analogous state laws and regulations, impose strict, joint and several liability for costs required to clean up and restore sites where hazardous substances have been disposed of or otherwise released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances or other waste products into the environment.

There is an inherent risk that MLPs and other entities operating in the energy sector may incur environmental costs and liabilities due to the nature of their businesses and the substances they handle. For example, an accidental release from wells or gathering pipelines could subject them to substantial liabilities for environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage, and fines or penalties for related violations of environmental laws or regulations. Moreover, the possibility exists that stricter laws, regulations or enforcement policies could significantly increase the compliance costs of MLPs and other entities operating in the energy sector, and the cost of any remediation that may become necessary. MLPs and other entities operating in the energy sector may not be able to recover these costs from insurance.

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

In the wake of a Supreme Court decision holding that the EPA has some legal authority to deal with climate change under the Clean Air Act, the EPA and the Department of Transportation jointly wrote regulations to cut gasoline use and control greenhouse gas emissions from cars and trucks. These measures, and other programs addressing greenhouse gas emissions, could reduce demand for energy or raise prices, which may adversely affect the total return of certain of the Fund’s investments.

- **Acquisition Risk.** MLPs may depend on their ability to make acquisitions that increase adjusted operating surplus per unit in order to increase distributions to unit holders. The ability of MLPs to make future acquisitions is dependent on their ability to identify suitable targets, negotiate favorable purchase contracts, obtain acceptable financing and outbid competing potential acquirers. To the extent that MLPs are unable to make future acquisitions, or such future acquisitions fail to increase the adjusted operating surplus per unit, their growth and ability to make distributions to investors will be limited. There are risks inherent in any acquisition, including erroneous assumptions regarding revenues, acquisition expenses, operating expenses, cost savings and synergies; assumption of liabilities; indemnification; customer losses; key employee defections; distraction from other business operations; and unanticipated difficulties in operating or integrating new product areas and geographic regions. Other companies operating in the energy sector may be subject to similar risks.

- **Weather Risks.** Weather plays a role in the seasonality of some MLPs’ cash flows. MLPs in the propane industry, for example, rely on the winter season to generate almost all of their earnings. In an unusually warm winter season, propane MLPs experience decreased demand for their product. Although most MLPs can reasonably predict seasonal weather demand based on normal weather patterns, extreme weather conditions, such as the hurricanes that severely damaged cities along the U.S. Gulf Coast in recent years, demonstrate that no amount of preparation can protect an MLP from the unpredictability of the weather or possible climate change. The damage done by extreme weather also may serve to increase many MLPs’ insurance premiums and could adversely affect such companies’ financial condition and ability to pay distributions to shareholders. Other companies operating in the energy sector may be subject to similar risks.

- **Catastrophic Event Risk.** MLPs and other entities operating in the energy sector are subject to many dangers inherent in the production, exploration, management, transportation, processing and distribution of natural gas, natural gas liquids, crude oil, refined petroleum and petroleum products and other hydrocarbons. These dangers include leaks, fires, explosions, damage to facilities and equipment resulting from natural disasters, inadvertent damage to facilities and equipment and terrorist acts. Since the September 11th terrorist attacks, the U.S. government has issued warnings that energy assets, specifically U.S. pipeline infrastructure, may be targeted in future terrorist attacks. These dangers give rise to risks of substantial losses as a result of loss or destruction of commodity reserves; damage to or destruction of property, facilities and equipment; pollution and environmental damage; and personal injury or loss of life. Any occurrence of such catastrophic events could bring about a limitation, suspension or discontinuation of the operations of MLPs and other entities operating in the energy sector. MLPs and other entities operating in the energy sector may not be fully insured against all risks inherent in their business operations and therefore accidents and catastrophic events could adversely affect such companies’ financial condition and ability to pay distributions to shareholders.

*Industry-Specific Risks.* MLPs and other entities operating in the energy sector are also subject to risks that are specific to the industry within that sector they serve.

- **Pipelines.** Pipeline companies are subject to the demand for natural gas, natural gas liquids, crude oil or refined products in the markets they serve, changes in the availability of products for
gathering, transportation, processing or sale due to natural declines in reserves and production in the
supply areas serviced by the companies’ facilities, sharp decreases in crude oil or natural gas prices
that cause producers to curtail production or reduce capital spending for exploration activities, and
environmental regulation. Demand for gasoline, which accounts for a substantial portion of refined
product transportation, depends on price, prevailing economic conditions in the markets served, and
demographic and seasonal factors. Companies that own interstate pipelines that transport natural
gas, natural gas liquids, crude oil or refined petroleum products are subject to regulation by FERC
with respect to the tariff rates they may charge for transportation services. An adverse
determination by FERC with respect to the tariff rates of such a company could have a material
adverse effect on its business, financial condition, results of operations and cash flows and its
ability to pay cash distributions or dividends. In addition, FERC has a tax allowance policy, which
permits such companies to include in their cost of service an income tax allowance to the extent that
their owners have an actual or potential tax liability on the income generated by them. If FERC’s
income tax allowance policy were to change in the future to disallow a material portion of the
income tax allowance taken by such interstate pipeline companies, it would adversely impact the
maximum tariff rates that such companies are permitted to charge for their transportation services,
which would in turn could adversely affect such companies’ financial condition and ability to pay
distributions to shareholders.

- **Gathering and processing.** Gathering and processing companies are subject to natural declines in the
  production of oil and natural gas fields, which utilize their gathering and processing facilities as a way
to market their production, prolonged declines in the price of natural gas or crude oil, which curtails
drilling activity and therefore production, and declines in the prices of natural gas liquids and refined
petroleum products, which cause lower processing margins. In addition, some gathering and
processing contracts subject the gathering or processing company to direct commodities price risk.

- **Midstream.** Midstream MLPs collect, gather, transport and store natural resources and their
  byproducts (primarily crude oil, refined petroleum products and natural gas), generally without
  taking ownership of the physical commodity. Midstream MLPs may also operate ancillary
  businesses including the marketing of the products and logistical services. Midstream MLPs and
  other entities that provide crude oil, refined product and natural gas services are subject to supply
  and demand fluctuations in the markets they serve, which may be impacted by a wide range of
  factors including fluctuating commodity prices, weather, increased conservation or use of
  alternative fuel sources, increased governmental or environmental regulation, depletion, rising
  interest rates, declines in domestic or foreign production, accidents or catastrophic events, and
  economic conditions, among others.

- **Exploration and production.** Exploration, development and production companies are particularly
  vulnerable to declines in the demand for and prices of crude oil and natural gas. Reductions in
  prices for crude oil and natural gas can cause a given reservoir to become uneconomic for continued
  production earlier than it would if prices were higher, resulting in the plugging and abandonment
  of, and cessation of production from, that reservoir. In addition, lower commodity prices not only
  reduce revenues but also can result in substantial downward adjustments in reserve estimates. The
  accuracy of any reserve estimate is a function of the quality of available data, the accuracy of
  assumptions regarding future commodity prices and future exploration and development costs and
  engineering and geological interpretations and judgments. Different reserve engineers may make
different estimates of reserve quantities and related revenue based on the same data. Actual oil and
gas prices, development expenditures and operating expenses will vary from those assumed in
reserve estimates, and these variances may be significant. Any significant variance from the
assumptions used could result in the actual quantity of reserves and future net cash flow being
materially different from those estimated in reserve reports. In addition, results of drilling, testing
and production and changes in prices after the date of reserve estimates may result in downward
revisions to such estimates. Substantial downward adjustments in reserve estimates could have a

76
material adverse effect on a given exploration and production company’s financial position and results of operations. In addition, due to natural declines in reserves and production, exploration and production companies must economically find or acquire and develop additional reserves in order to maintain and grow their revenues and distributions.

- **Propane.** Propane MLPs are subject to earnings variability based upon weather conditions in the markets they serve, fluctuating commodity prices, increased use of alternative fuels, increased governmental or environmental regulation, and accidents or catastrophic events, among others.

- **Coal.** MLP entities and other entities with coal assets are subject to supply and demand fluctuations in the markets they serve, which may be impacted by a wide range of factors including fluctuating commodity prices, the level of their customers’ coal stockpiles, weather, increased conservation or use of alternative fuel sources, increased governmental or environmental regulation, depletion, rising interest rates, declines in domestic or foreign production, mining accidents or catastrophic events, health claims and economic conditions, among others.

- **Marine shipping.** Marine shipping (or “tanker” companies) are exposed to many of the same risks as other energy companies. In addition, the highly cyclical nature of the tanker industry may lead to volatile changes in charter rates and vessel values, which may adversely affect the earnings of tanker companies in our portfolio. Fluctuations in charter rates and vessel values result from changes in the supply and demand for tanker capacity and changes in the supply and demand for oil and oil products. Historically, the tanker markets have been volatile because many conditions and factors can affect the supply and demand for tanker capacity. Changes in demand for transportation of oil over longer distances and supply of tankers to carry that oil may materially affect revenues, profitability and cash flows of tanker companies. The successful operation of vessels in the charter market depends upon, among other things, obtaining profitable spot charters and minimizing time spent waiting for charters and traveling unladen to pick up cargo. The value of tanker vessels may fluctuate and could adversely affect the value of tanker company securities in our portfolio. Declining tanker values could affect the ability of tanker companies to raise cash by limiting their ability to refinance their vessels, thereby adversely impacting tanker company liquidity. Tanker company vessels are at risk of damage or loss because of events such as mechanical failure, collision, human error, war, terrorism, piracy, cargo loss and bad weather. In addition, changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes, boycotts and government requisitioning of vessels. These sorts of events could interfere with shipping lanes and result in market disruptions and a significant loss of tanker company earnings.

**Tax Risks.** In order to qualify as a RIC for U.S. federal income tax purposes, the Fund must meet certain asset diversification requirements, including that, at the close of each quarter of its taxable year, no more than 25% of its total assets will be invested in QPTPs. The Fund expects that the MLPs in which the Fund invests will be QPTPs. As a result, at the close of each quarter of its taxable year, the Fund will invest no more than 25% of the value of its total assets in MLPs. The Fund’s investments in certain Energy Investments may also be limited by the RIC diversification requirement; the treatment of certain Energy Investments for purposes of this test may be unclear, and it is possible that the IRS or a court could recharacterize one or more such investments in a manner bearing adversely on the Fund’s ability to meet this requirement. The Fund’s wholly owned taxable Subsidiary will also invest in MLPs that are QPTPs and potentially other QPTPs. It is possible that the IRS will take the view that the securities held by the Subsidiary must be aggregated with the Fund’s direct holdings for purposes of the 25% diversification test. The Fund does not believe that such a view would prevail, but if the IRS were successful in this position the Fund would not meet the RIC diversification requirement. The asset diversification requirements for RIC qualification also require that the Fund invest no more than 25% of its total assets in the Subsidiary as of the end of each quarter of the Fund’s taxable year.

In order to qualify as a RIC, the Fund must also derive at least 90% of its gross income for each taxable year from sources treated as “qualifying income” under the Code. Distributions that the Fund receives from the MLPs
in which the Fund invests, provided they are QPTPs, and from its taxable Subsidiary will be qualifying income for purposes of the 90% gross income test. Certain of the Funds other commodity-related investments may not give rise to qualifying income. If the Fund were to treat income or gain from a particular instrument as qualifying income and the income or gain were later determined not to constitute qualifying income and, together with any other nonqualifying income, caused the Fund’s nonqualifying income to exceed 10% of its gross income in any taxable year, the Fund would not satisfy the 90% gross income test.

In order to be eligible for taxation as a RIC, the Fund must distribute at least 90% of its “investment company taxable income” (which generally consists of ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any) and net tax-exempt interest, if any, to its Common Shareholders on an annual basis. Any leverage the Fund uses in the future could subject the Fund to asset coverage ratio requirements under the 1940 Act and to financial covenants under loan and credit agreements that could, under certain circumstances, restrict the Fund from making sufficient distributions to meet the RIC distribution requirement.

If the Fund were to fail to meet the income, diversification or distribution test described above, the Fund could in some cases cure such failure, including by paying a Fund-level tax, paying interest, making additional distributions, or disposing of certain assets. If the Fund were ineligible to or otherwise did not cure such failure for any year, the Fund would be subject to tax on its taxable income at corporate rates, and all distributions from earnings and profits would generally be taxable to Common Shareholders as ordinary income. The imposition of U.S. federal corporate taxes on the Fund could substantially reduce its net assets, the amount of income available for distribution and the amount of its distributions. In addition, the Fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions before re-qualifying as a RIC that is accorded the special tax treatment described above.

Whether or not the Fund qualifies for treatment as a RIC, it may be subject to state income tax at the Fund level.

Master limited partnerships are generally treated as partnerships for U.S. federal income tax purposes. Partnerships do not pay U.S. federal income tax at the partnership level. Rather, each partner of a partnership, in computing its U.S. federal income tax liability, will include its allocable share of the partnership’s income, gains, losses, deductions and expenses. A change in current tax law, or a change in the business of a given master limited partnership, could result in a master limited partnership being treated as a corporation for U.S. federal income tax purposes, which would result in such master limited partnership being required to pay U.S. federal income tax on its taxable income. The classification of a master limited partnership as a corporation for U.S. federal income tax purposes would have the effect of reducing the amount of cash available for distribution by the master limited partnership to holders of its equity securities and causing any such distributions received by the Fund to be taxed as dividend income to the extent of the master limited partnership’s current or accumulated earnings and profits. Thus, if any of the master limited partnerships in which the Fund invested were treated as corporations for U.S. federal income tax purposes, the after-tax return to the Fund with respect to such investments would be materially reduced, which could cause a substantial decline in the value of the Common Shares.

The Fund’s wholly-owned Subsidiary will generally be subject to federal and state income taxes on its income, including by reason of income allocated to the Subsidiary in respect of its investments in MLPs or recognized on the sale of such investments. Such taxes will reduce the amount of cash that the Subsidiary has available to distribute to the Fund and the Fund’s net return on the Subsidiary’s investments in MLPs. Any distributions out of earnings and profits by the Subsidiary to the Fund will be treated as dividend income to the Fund and taxable as such to Common Shareholders when distributed to them, which dividend income may qualify for the special treatment accorded “qualified dividend income” for individual shareholders and may be eligible for the dividends-received deduction for corporate shareholders.

In calculating the Fund’s net asset value in accordance with generally accepted accounting principles, the Fund will account for the deferred tax liability and/or asset balances of the Subsidiary. The Subsidiary will accrue a deferred income tax liability at the effective statutory U.S. federal corporate income tax rate (currently
(35%) plus an estimated state and local income tax rate, for its anticipated future tax liability. Any deferred tax liability will reduce, and any deferred tax asset balance will increase, the Subsidiary’s and therefore the Fund’s net asset value. The Fund will periodically assess whether a valuation allowance is required to offset some or all of any deferred tax assets of the Subsidiary in connection with the calculation of its net asset value per share each week; however, to the extent the final valuation allowance differs from the estimates the Fund used in calculating its weekly net asset value, the application of such final valuation allowance could have a significant impact on the Fund’s net asset value.

In order to avoid a 4% U.S. federal excise tax, the Fund must distribute during each calendar year an amount at least equal to the sum of (1) 98% of its ordinary income treated as arising during the calendar year, (2) 98.2% of its capital gains in excess of its capital losses for the one-year period ending on October 31 (or such other date as the Fund elects, if it is eligible to and does so elect), and (3) any such ordinary income and net capital gains for preceding years that were not distributed or taxed. The Fund is dependent on the underlying entities in which it invests to provide the Fund with sufficient information in a timely manner in order to calculate the amount it must distribute to avoid the excise tax. Although the Fund intends to make sufficient distributions to avoid the 4% U.S. federal excise tax, the Fund can provide no assurance that it will be able to do so.

The Fund’s ability to meet its investment objective will depend, in part, on the level of taxable income and distributions the Fund receives from the securities in which the Fund invests, factors over which the Fund has limited control. To the extent that the Fund invests or is treated as investing in the equity securities of MLPs, the Fund will be a partner in each such MLP. Accordingly, the Fund will be required to include in its taxable income the Fund’s allocable share of the income, gains, losses, deductions and expenses recognized by each such MLP, regardless of whether the MLP distributes cash to the Fund. Historically, a significant portion of the income allocated to partners in MLPs has been offset by allocations of tax deductions to those partners. The portion, if any, of a distribution received by the Fund from an MLP that is offset by the MLP’s tax deductions, losses or credits is essentially treated as a return of capital. Those distributions will reduce the Fund’s adjusted tax basis in the equity securities of MLPs, which will result in an increase in the amount of gain (or decrease in the amount of loss) that will be recognized by the Fund for tax purposes upon the sale of any such equity securities or upon subsequent distributions in respect of such equity securities. The percentage of an MLP’s income and gains that is offset by tax deductions, losses and credits will fluctuate over time for various reasons. A significant slowdown in acquisition activity or capital spending by MLPs held in the Fund’s portfolio could result in a reduction of accelerated depreciation generated by new acquisitions, which may result in increased income allocations to the Fund. The Fund must take such income into account in determining whether the Fund has satisfied the distribution requirements applicable to RICs under the Code. The Fund may have to borrow or liquidate securities to satisfy its distribution requirements, even though investment considerations might otherwise make it undesirable for the Fund to sell securities or borrow money at such time. Distributions attributable to gain from the sale of investments in MLPs that is characterized as ordinary income under the Code’s recapture provisions will be taxable as ordinary income.

The tax treatment and characterization of the Fund’s distributions may vary significantly from time to time because of the varied nature of the Fund’s investments. Although the Fund intends to make distributions on Common Shares quarterly, the ultimate tax characterization of the Fund’s distributions made in a taxable year cannot be determined finally until after the end of that taxable year.

Changes in tax laws or regulations, or future interpretations of such laws or regulations, could adversely affect the Fund and/or the MLPs and Energy Investments in which the Fund invests.

For more information about U.S. federal income tax consequences of an investment in the Fund, see “Taxation.”

*Delay in Use of Proceeds Risk*  Although the Fund currently intends to invest the proceeds from any sale of the Common Shares offered hereby within 60 days following the completion of this offering, such investments may be delayed if suitable investments are unavailable at the time. The trading market and volumes for MLP securities may at times be less liquid than the market for other securities. Prior to the time the proceeds of this offering are invested, such proceeds may be invested in short-term money market instruments and U.S.
government securities, pending investment in MLPs and Energy Investments. As a result, the return and yield on the Common Shares for the period immediately following any offering pursuant to this prospectus may be lower than when the Fund is fully invested in accordance with its investment objective and policies. See “Use of Proceeds.”

**Interest Rate Risk to MLPs and Energy Investments.** Rising interest rates could increase the costs of capital thereby increasing operating costs and reducing the ability of MLPs and other entities operating in the energy sector to carry out acquisitions or expansions in a cost-effective manner. As a result, rising interest rates could negatively affect the financial performance of MLPs and other entities operating in the energy sector. Rising interest rates may also impact the price of the securities of MLPs and other entities operating in the energy sector as the yields on alternative investments increase. These risks may be greater in the current market environment because certain interest rates are at historically low levels. See “Interest Rate Risk.”

**Inflation/Deflation Risk.** Inflation risk is the risk that the value of certain assets or income from the Fund’s investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions on the Common Shares can decline. In addition, during any periods of rising inflation, the dividend rates or borrowing costs associated with the Fund’s use of leverage would likely increase, which would tend to further reduce returns to Common Shareholders. Deflation risk is the risk that prices throughout the economy decline over time—the opposite of inflation. Deflation may have an adverse affect on the creditworthiness of issuers and may make issuer defaults more likely, which may result in a decline in the value of the Fund’s portfolio.

**Liquidity Risk.** Although the equity securities, including those of the MLPs, in which the Fund invests generally trade on major stock exchanges, certain securities may trade less frequently, particularly those of MLPs and other issuers with smaller capitalizations. Securities with limited trading volumes may display volatile or erratic price movements. Also, the Fund may be one of the largest investors in certain sub-sectors of the energy or natural resource sectors. Thus, it may be more difficult for the Fund to buy and sell significant amounts of such securities without an unfavorable impact on prevailing market prices. Larger purchases or sales of these securities by the Fund in a short period of time may cause abnormal movements in the market price of these securities. As a result, these securities may be difficult to dispose of at a fair price at the times when the Investment Manager believes it is desirable to do so.

**Natural Resources Sector Risks.** The natural resources sector includes companies principally engaged in owning or developing non-energy natural resources (including timber and minerals) and industrial materials, or supplying goods or services to such companies. The Fund’s investments in MLPs and other entities operating in the natural resources sector will be subject to the risk that prices of these securities may fluctuate widely in response to the level and volatility of commodity prices; exchange rates; import controls; domestic and global competition; environmental regulation and liability for environmental damage; mandated expenditures for safety or pollution control; the success of exploration projects; depletion of resources; tax policies; and other governmental regulation. Investments in the natural resources sector can be significantly affected by changes in the supply of or demand for various natural resources. The value of investments in the natural resources sector may be adversely affected by a change in inflation.

**Small Capitalization Risk.** The Fund expects to invest in securities of MLPs and other issuers that have comparatively smaller capitalizations relative to issuers whose securities are included in major benchmark indexes, which presents unique investment risks. These companies often have limited product lines, markets, distribution channels or financial resources, and the management of such companies may be dependent upon one or a few key people. The market movements of equity securities issued by MLPs and other issuers with smaller capitalizations may be more abrupt or erratic than the market movements of equity securities of larger, more established companies or the stock market in general. Historically, smaller capitalization companies have sometimes gone through extended periods when they did not perform as well as larger companies. In addition, equity securities of smaller capitalization companies generally are less liquid than those of larger companies. This means that the Fund could have greater difficulty selling such securities at the time and price that the Fund would like.
Competition Risk. A number of alternatives to the Fund as vehicles for investment in a portfolio of MLPs and Energy Investments currently exist, including other publicly traded investment companies, structured notes and private funds. These competitive conditions may adversely impact our ability to meet our investment objective, which in turn could adversely impact our ability to make distributions.

Cash Flow Risk. The Fund expects that a substantial portion of the cash flow it receives will be derived from its Energy and MLP Investments. The amount and tax characterization of cash available for distribution by an MLP depends upon the amount of cash generated by such entity’s operations. Cash available for distribution by MLPs will vary widely from quarter to quarter and is affected by various factors affecting the entity’s operations. In addition to the risks described herein, operating costs, capital expenditures, acquisition costs, construction costs, exploration costs and borrowing costs may reduce the amount of cash that an MLP has available for distribution in a given period.

Capital Markets Risk. Global financial markets and economic conditions have been, and continue to be, volatile due to a variety of factors, including significant write-offs in the financial services sector. As a result, the cost of raising capital in the debt and equity capital markets has increased substantially while the ability to raise capital from those markets has diminished significantly. In particular, as a result of concerns about the general stability of financial markets and specifically the solvency of lending counterparties, the cost of raising capital from the credit markets generally has increased as many lenders and institutional investors have increased interest rates, enacted tighter lending standards, refused to refinance debt on existing terms or at all and reduced, or in some cases ceased to provide, funding to borrowers. In addition, lending counterparties under existing revolving credit facilities and other debt instruments may be unwilling or unable to meet their funding obligations. Due to these factors, MLPs or other issuers may be unable to obtain new debt or equity financing on acceptable terms or at all. If funding is not available when needed, or is available only on unfavorable terms, MLPs or other issuers may not be able to meet their obligations as they come due. Moreover, without adequate funding, MLPs or other issuers may be unable to execute their growth strategies, complete future acquisitions, take advantage of other business opportunities or respond to competitive pressures, any of which could have a material adverse effect on their revenues and results of operations.

Valuation Risk. Market prices generally will be unavailable for some of the Fund’s investments, including MLP subordinated units, general partner or managing member interests and restricted or unregistered Energy Investments. The value of such securities will be determined by fair valuations determined by the Investment Manager under procedures governing the valuation of portfolio securities adopted by the Board of Directors. Proper valuation of such securities may require more reliance on the judgment of the Investment Manager than for securities for which an active trading market exists. When the Fund is a limited partner in MLPs through its investment in equity securities of MLPs, the Fund includes its allocable share of the MLP’s taxable income in computing its own income, which is then taxable to Common Shareholders upon distribution to them by the Fund. Because the Subsidiary is a corporation that is obligated to pay income taxes at the entity level, the Subsidiary accrues income tax liabilities and assets. As with any other asset or liability, the Subsidiary’s tax assets and liabilities increase or decrease the Subsidiary’s, and in turn the Fund’s, net asset value. Deferred income taxes in the financial statements of the Subsidiary reflect (i) taxes on unrealized gains/losses, which are attributable to the temporary difference between fair market value and the tax basis of the Subsidiary’s assets, (ii) the net tax effects of temporary differences between the carrying amounts of such assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and (iii) the net tax benefit of accumulated net operating losses. To the extent the Subsidiary has a deferred tax asset, consideration is given as to whether or not a valuation allowance is required. The need to establish a valuation allowance for deferred tax assets is assessed periodically by the Subsidiary based on the criterion established by ASC Topic 740 that it is more likely than not that some portion or all of the deferred tax asset will not be realized. In the assessment for a valuation allowance, consideration is given to all positive and negative evidence related to the realization of the deferred tax asset. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability (which are highly dependent on future MLP cash distributions), the duration of statutory carryforward periods and the associated risk that operating loss carryforwards may expire unused.

81
The Subsidiary will rely to some extent on information provided by the MLPs, which may not necessarily be timely, to estimate taxable income allocable to certain MLPs and Energy Investments held in the Subsidiary’s portfolio and to estimate the associated deferred tax asset or liability. Such estimates are made in good faith. From time to time, as new information becomes available, the Subsidiary will modify its estimates or assumptions regarding the deferred tax asset or liability.

Deferred tax assets may constitute a relatively high percentage of the Subsidiary’s net asset value. Any valuation allowance required against such deferred tax assets or future adjustments to a valuation allowance may reduce the Subsidiary’s deferred tax assets and could have a significant impact on the Subsidiary’s, and in turn the Fund’s net asset value and results of operations in the period the valuation allowance is recorded or adjusted.

**Common Stock Risk.** The Fund may invest in the common stocks of issuers that are non-MLPs. Common stocks are subject to special risks. Although common stocks have historically generated higher average returns than fixed-income securities over the long-term, common stocks also have experienced significantly more volatility in returns. Common stocks may be more susceptible to adverse changes in market value due to issuer specific events or general movements in the equities markets. A drop in the stock market may depress the price of common stocks held by the Fund. Common stock prices fluctuate for many reasons, including changes in investors’ perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or the occurrence of political or economic events affecting issuers. For example, an adverse event, such as an unfavorable earnings report, may depress the value of common stock in which the Fund has invested; the price of common stock of an issuer may be particularly sensitive to general movements in the stock market; or a drop in the stock market may depress the price of most or all of the common stocks held by the Fund. Also, common stock of an issuer in the Fund’s portfolio may decline in price if the issuer fails to make anticipated dividend payments because, among other reasons, the issuer of the security experiences a decline in its financial condition. The common stocks in which the Fund will invest are typically subordinated to preferred securities, bonds and other debt instruments in a company’s capital structure in terms of priority to corporate income and assets, and, therefore, will be subject to greater risk than the preferred securities or debt instruments of such issuers. In addition, common stock prices may be sensitive to rising interest rates as the costs of capital rise and borrowing costs increase.

**Convertible Securities Risk.** Although to a lesser extent than with non-convertible fixed-income securities, the market value of convertible securities tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. In addition, because of the conversion feature, the market value of convertible securities tends to vary with fluctuations in the market value of the underlying common stock. A unique feature of convertible securities is that as the market price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis, and so may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the prices of the convertible securities tend to rise as a reflection of the value of the underlying common stock. While no securities investments are without risk, investments in convertible securities generally entail less risk than investments in common stock of the same issuer.

**Special Risks Related to Preferred Securities.** There are special risks associated with investing in preferred securities, including:

- **Deferral and Omission.** Preferred securities may include provisions that permit the issuer, at its discretion, to defer or omit distributions for a stated period without any adverse consequences to the issuer. If the Fund owns a preferred security that is deferring or omitting its distributions, the Fund may be required to report income for tax purposes although it has not yet received such income.

- **Subordination.** Preferred securities are generally subordinated to bonds and other debt instruments in a company’s capital structure in terms of having priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than debt instruments.

- **Liquidity.** Preferred securities may be substantially less liquid than many other securities, such as common stocks or U.S. Government securities.
• **Limited Voting Rights.** Generally, traditional preferred securities offer no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may elect a number of directors to the issuer’s board. Generally, once all the arrearages have been paid, the preferred security holders no longer have voting rights. Hybrid-preferred security holders generally have no voting rights.

• **Special Redemption Rights.** In certain varying circumstances, an issuer of preferred securities may redeem the securities prior to a specified date. For instance, for certain types of preferred securities, a redemption may be triggered by a change in U.S. federal income tax or securities laws. As with call provisions, a redemption by the issuer may negatively impact the return of the security held by the Fund.

• **Supply of Hybrid-Preferred Securities.** The Financial Accounting Standards Board currently is reviewing accounting guidelines relating to hybrid-preferred securities. To the extent that a change in the guidelines could adversely affect the market for, and availability of, these securities, the Fund may be adversely affected. The legislation enacted in 2003 that reduced the Federal income tax rates on dividends may also adversely impact the market and supply of hybrid-preferred securities if the issuance of such securities becomes less attractive to issuers.

• **New Types of Securities.** From time to time, preferred securities, including hybrid-preferred securities, have been, and may in the future be, offered having features other than those described herein. The Fund reserves the right to invest in these securities if the Investment Manager believes that doing so would be consistent with the Fund’s investment objective and policies. Since the market for these instruments would be new, the Fund may have difficulty disposing of them at a suitable price and time. In addition to limited liquidity, these instruments may present other risks, such as high price volatility.

**Royalty and Income Trust Risk.** Royalty and income trusts generally make single-sector or even single-enterprise investments, and their investments are therefore sensitive to business cycles, particularly real estate or commodities trusts, and certain trusts may be considered partnerships and their interests do not provide the same limited liability protection as common stocks. Distributions from these trusts may include return of capital invested and, since valuation of a trust’s unit is most frequently driven by a multiple of the entire distribution, units of a trust distributing returns of capital may be priced above their economic value. Royalty trusts and income trusts do not guarantee minimum distributions or even return of capital, and if a trust’s investments lose money, the trust can reduce or even eliminate distributions, which will typically be accompanied by a loss in the market value of trust units. To the extent these trusts pay out more than their net income (returns of capital), the trusts’ capital will decline over time. To the extent that the value of royalty trusts or income trusts is driven by the deferral or reduction of tax, any change in government tax regulations to remove the benefit will reduce the trusts’ market value. Royalty trusts and income trusts frequently are found in Canada, and an investment in a Canadian trust will be subject to certain additional risks of investing in foreign securities.

**Interest Rate Risk.** Interest rate risk is the risk that fixed-income securities such as debt securities and preferred securities, and to a lesser extent dividend paying common stocks, will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. The Fund’s investment in such securities means that the net asset value and market price of the Fund’s shares may tend to decline if market interest rates rise. In addition, if interest rates rise, the cost of Borrowings or other leverage may increase, which could reduce dividends paid to Common Shareholders and adversely affect the Fund’s net asset value. These risks may be greater in the current market environment because certain interest rates are at historically low levels.

During periods of declining interest rates, an issuer may be able to exercise an option to prepay principal earlier than scheduled which is generally known as call or prepayment risk. If this occurs, the Fund may be forced to reinvest in lower yielding securities. This is known as reinvestment risk. Preferred and debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. During periods of rising interest rates, the average life of certain
types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security’s duration and reduce the value of the security. This is known as extension risk.

**Interest Rate Transactions Risk.** The Fund may enter into a swap or cap transaction to attempt to protect itself from increasing dividend or interest expenses resulting from increasing short-term interest rates. A decline in interest rates may result in a decline in the value of the swap or cap which may result in a decline in the net asset value of the Fund. A sudden and dramatic decline in interest rates may result in a significant decline in the net asset value of the Fund. See “Use of Leverage—Interest Rate Transactions.”

**Credit and Below Investment Grade Securities Risk.** Credit risk is the risk that a security in the Fund’s portfolio will decline in price or the issuer will fail to make dividend, interest or principal payments when due because the issuer of the security experiences a decline in its financial status. Preferred securities normally are subordinated to bonds and other debt instruments in a company’s capital structure, in terms of priority to corporate income and claim to corporate assets, and therefore will be subject to greater credit risk than debt instruments. The Fund may invest in securities that are rated below investment grade. Securities rated below investment grade are regarded as having predominately speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal, and below investment grade bonds are commonly referred to as “high yield bonds” or “junk bonds.” These securities are subject to a greater risk of default. The prices of these lower grade securities are more sensitive to negative developments, such as a decline in the issuer’s revenues or a general economic downturn, than are the prices of higher grade securities. Lower grade securities tend to be less liquid than investment grade securities. Yields on lower-rated securities will fluctuate. If the issuer of the lower-rated securities defaults, and the Fund may incur additional expenses to seek recovery. The market values of lower grade securities tend to be more volatile than investment grade securities.

Lower-rated securities may be considered speculative with respect to the issuer’s continuing ability to make principal and interest payments. Analysis of the creditworthiness of issuers of lower-rated securities may be more complex than for issuers of higher quality debt securities, and our ability to achieve our investment objective may, to the extent we are invested in lower-rated securities, be more dependent upon such creditworthiness analysis than would be the case if we were investing in higher quality securities. An issuer of these securities has a currently identifiable vulnerability to default and the issuer may be in default or there may be present elements of danger with respect to principal or interest. We will not invest in securities which are in default at the time of purchase. The secondary markets in which lower-rated securities are traded may be less liquid than the market for higher grade securities. Less liquidity in the secondary trading markets could adversely affect the price at which the Fund could sell a particular lower-rated security when necessary to meet liquidity needs or in response to a specific economic event, such as a deterioration in the creditworthiness of the issuer, and could adversely affect and cause large fluctuations in the net asset value of the Fund’s shares. Adverse publicity and investor perceptions may decrease the values and liquidity of high yield securities.

It is reasonable to expect that any adverse economic conditions could disrupt the market for lower-rated securities, have an adverse impact on the value of those securities and adversely affect the ability of the issuers of those securities to repay principal or interest on those securities. New laws and proposed new laws may adversely impact the market for lower-rated securities.

**Foreign Securities Risks.** Investing in foreign securities involves certain risks not involved in domestic investments, including, but not limited to:

- future foreign economic, financial, political and social developments;
- different legal systems;
- the possible imposition of exchange controls or other foreign governmental laws or restrictions;
- less governmental supervision;
- regulation changes;
- changes in currency exchange rates;
less publicly available information about foreign companies due to less rigorous disclosure and accounting standards or regulatory practices;

- high and volatile rates of inflation;
- currency devaluation;
- fluctuating interest rates; and
- different accounting, auditing and financial record-keeping standards and requirements.

Investments in foreign securities, especially in emerging market countries, will expose the Fund to the direct or indirect consequences of political, social or economic changes in the countries that issue the securities or in which the issuers are located. Certain countries in which the Fund may invest, especially emerging market countries, have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations, large amounts of external debt, balance of payments and trade difficulties and extreme poverty and unemployment. Many of these countries are also characterized by political uncertainty and instability. The cost of servicing external debt will generally be adversely affected by rising international interest rates because many external debt obligations bear interest at rates which are adjusted based upon international interest rates. In addition, with respect to certain foreign countries, there is a risk of:

- the possibility of expropriation of assets;
- confiscatory taxation;
- difficulty in obtaining or enforcing a court judgment;
- economic, political or social instability; and
- diplomatic developments that could affect investments in those countries.

In addition, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as:

- growth of gross domestic product;
- rates of inflation;
- capital reinvestment;
- resources;
- self-sufficiency; and
- balance of payments position.

In addition, certain investments in foreign securities also may be subject to foreign withholding taxes, which would reduce the Fund’s return on such investments.

The Fund may hold foreign securities of developed market issuers and emerging market issuers. Investing in securities of companies in emerging markets may entail special risks relating to potential political and economic instability and the risks of expropriation, nationalization, confiscation or the imposition of restrictions on foreign investment, the lack of hedging instruments, and on repatriation of capital invested. Emerging securities markets are substantially smaller, less developed, less liquid and more volatile than the major securities markets. The limited size of emerging securities markets and limited trading value compared to the volume of trading in U.S. securities could cause prices to be erratic for reasons apart from factors that affect the quality of the securities. For example, limited market size may cause prices to be unduly influenced by traders who control large positions. Adverse publicity and investors’ perceptions, whether or not based on fundamental analysis, may decrease the value and liquidity of portfolio securities, especially in these markets. Many emerging market countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates and corresponding currency devaluations have had and may continue to have negative effects on the economies and securities markets of certain emerging market countries.
As a result of these potential risks, the Investment Manager may determine that, notwithstanding otherwise favorable investment criteria, it may not be practicable or appropriate to invest in a particular country. The Fund may invest in countries in which foreign investors, including the Investment Manager, have had no or limited prior experience.

**Emerging Markets Risk.** Because of less developed markets and economies and, in some countries, less mature governments and governmental institutions, the risks of investing in foreign securities can be intensified in the case of investments in issuers domiciled or doing substantial business in emerging market countries. These risks include high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries; political and social uncertainties; over-dependence on exports, especially with respect to primary commodities, making these economies vulnerable to changes in commodity prices; overburdened infrastructure and obsolete or unseasoned financial systems; environmental problems; less developed legal systems; and less reliable custodial services and settlement practices.

Investing in securities of companies in emerging markets also may entail risks of expropriation, nationalization, confiscation or the imposition of restrictions on foreign investment, the lack of hedging instruments, and on repatriation of capital invested. Emerging securities markets are substantially smaller, less developed, less liquid and more volatile than the major securities markets. The limited size of emerging securities markets and limited trading value compared to the volume of trading in U.S. securities could cause prices to be erratic for reasons apart from factors that affect the quality of the securities. For example, limited market size may cause prices to be unduly influenced by traders who control large positions.

Adverse publicity and investors’ perceptions, whether or not based on fundamental analysis, may decrease the value and liquidity of portfolio securities, especially in these markets. Many emerging market countries have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations, large amounts of external debt, balance of payments and trade difficulties and extreme poverty and unemployment. Many of these countries are also characterized by political uncertainty and instability.

**Foreign Currency and Currency Hedging Risk.** Although the Fund will report its net asset value and pay dividends in U.S. dollars, foreign securities often are purchased with and make interest payments in foreign currencies. Therefore, to the extent that the Fund invests in foreign securities, it will be subject to foreign currency risk, which means that the Fund’s net asset value could decline as a result of changes in the exchange rates between foreign currencies and the U.S. dollar. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payment of principal and interest to investors located outside the country, due to blockage of foreign currency exchanges or otherwise. The Fund may engage in various investments that are designed to hedge the Fund’s foreign currency risks. While these transactions will be entered into to seek to manage these risks, these investments may not prove to be successful or may have the effect of limiting the gains from favorable market movements.

**Currency Devaluations and Fluctuations.** The Fund may invest in non-dollar-denominated investments. The Fund may be limited in its ability to hedge the value of its non-dollar-denominated investments against currency fluctuations. As a result, a decline in the value of currencies in which the Fund’s investments are denominated against the dollar will result in a corresponding decline in the dollar value of the Fund’s assets. These declines will in turn affect the Fund’s income and net asset value. The Fund will compute its income on the date of its receipt by the Fund at the exchange rate in effect with respect to the relevant currency on that date. If the value of the currency declines relative to the dollar between the date income is accrued and the date the Fund makes a distribution, the amount available for distribution to the Fund’s shareholders would be reduced. If the exchange rate against the dollar of a currency in which a portfolio security of the Fund is denominated declines between the time the Fund accrues expenses in dollars and the time expenses are paid and if the Fund sells some or all of its position in that security to pay those expenses, the amount of the currency required to be converted into dollars in order to pay expenses in dollars will be greater than the equivalent amount in the currency of the expenses at the time they were incurred. A decline in the value of non-U.S. currencies relative to the dollar may also result in foreign currency losses that will reduce distributable net investment income.
Risks of Investing in Other Investment Companies. To the extent the Fund invests a portion of its assets in investment companies, including open-end funds closed-end funds, ETFs and other types of investment companies, those assets will be subject to the risks of the purchased investment companies’ portfolio securities, and a Common Shareholder in the Fund will bear not only his or her proportionate share of the Fund’s expenses, but also indirectly the expenses of the purchased investment companies. Common Shareholders would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies. Risks associated with investments in closed-end funds also generally include the risks described in this prospectus associated with the Fund’s structure as a closed-end investment company, including market risk, leverage risk, risk of market price discount from net asset value, risk of anti-takeover provisions and non-diversification. In addition, investments in other investment companies may be subject to the following risks:

- **Manager Risk.** The Fund’s investments in other funds are subject to the ability of the managers of those funds to achieve the funds’ investment objectives.

- **Dilution Risk.** Strategies employed by a closed-end fund, such as rights offerings, may, under certain circumstances, have the effect of reducing its share price and the Fund’s proportionate interest.

- **Foreign Fund Risk.** Risks associated with investments in non-U.S. funds may be different than those of investments in U.S. funds. Non-U.S. funds are subject to different regulatory regimes that may be less rigorous than in the United States in areas such as governance and financial reporting requirements. There also may be less publicly available information about such funds, and investments in these funds may carry special tax consequences. In addition, non-U.S. funds are generally subject to the risks of investing in other types of foreign securities.

- **BDCs Risk.** Investments in closed-end funds that are BDCs may be subject to a high degree of risk. BDCs typically invest in small and medium-sized companies that may not have access to public equity markets for capital raising. As a result, a BDC’s portfolio typically will include a substantial amount of securities purchased in private placements, and the portfolio may carry risks similar to those of a private equity or venture capital fund. Securities that are not publicly registered may be difficult to value and may be difficult to sell at a price representative of their intrinsic value.

- **ETF Risk.** An ETF that is based on a specific index, whether securities, commodities or a combination of the two, may not be able to replicate and maintain exactly the composition and relative weighting of securities in the index. An ETF also incurs certain expenses not incurred by its applicable index. The market value of an ETF share may differ from its net asset value; the share may trade at a premium or discount to its net asset value, which may be due to, among other things, differences in the supply and demand in the market for the share and the supply and demand in the market for the underlying assets of the ETF. In addition, certain securities that are part of the index tracked by an ETF may, at times, be unavailable, which may impede the ETF’s ability to track its index. An ETF that utilizes leverage can, at times, be relatively illiquid, which can affect whether its share price approximates net asset value. As a result of using leverage, an ETF is subject to the risk of failure in the futures and options markets it uses to obtain leverage and the risk that a counterparty will default on its obligations, which can result in a loss to the Fund.

**Derivatives Transactions Risk.** Derivatives Transactions can be highly volatile and involve various types and degrees of risk, depending upon the characteristics of the particular derivative, including the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction and illiquidity of the derivative instruments. Derivatives Transactions may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on the Fund’s performance, effecting a form of investment leverage on the Fund’s portfolio. In certain types of Derivatives Transactions the Fund could lose the entire amount of its investment; in other types of Derivatives Transactions the potential loss is theoretically unlimited.

The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for Derivatives Transactions. The Fund could experience
losses if it were unable to liquidate its position because of an illiquid secondary market. Although both OTC and exchange-traded derivatives markets may experience the lack of liquidity, OTC non-standardized derivative transactions are generally less liquid than exchange-traded instruments. The illiquidity of the derivatives markets may be due to various factors, including congestion, disorderly markets, limitations on deliverable supplies, the participation of speculators, government regulation and intervention, and technical and operational or system failures. In addition, the liquidity of a secondary market in an exchange-traded derivative contract may be adversely affected by “daily price fluctuation limits” established by the exchanges which limit the amount of fluctuation in an exchange-traded contract price during a single trading day. Once the daily limit has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open positions. Prices have in the past moved beyond the daily limit on a number of consecutive trading days. If it is not possible to close an open derivative position entered into by the Fund, the Fund would continue to be required to make cash payments of variation (or mark-to-market) margin in the event of adverse price movements. In such a situation, if the Fund has insufficient cash, it may have to sell portfolio securities to meet variation margin requirements at a time when it may be disadvantageous to do so. The absence of liquidity may also make it more difficult for the Fund to ascertain a market value for such instruments. The inability to close Derivatives Transactions positions also could have an adverse impact on the Fund’s ability to effectively hedge its portfolio.

Successful use of Derivatives Transactions also is subject to the ability of the Investment Manager to predict correctly movements in the direction of the relevant market and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the derivatives. Derivatives Transactions entered into to seek to manage the risks of the Fund’s portfolio of securities may have the effect of limiting gains from otherwise favorable market movements. The use of Derivatives Transactions may result in losses greater than if they had not been used (and a loss on a Derivatives Transaction position may be larger than the gain in a portfolio position being hedged), may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold a security that it might otherwise sell. Amounts paid by the Fund as premiums and cash or other assets held as collateral with respect to Derivatives Transactions may not otherwise be available to the Fund for investment purposes. The use of currency transactions can result in the Fund incurring losses as a result of the imposition of exchange controls, political developments, government intervention or failure to intervene, suspension of settlements or the inability of the Fund to deliver or receive a specified currency.

Structured notes and other related instruments carry risks similar to those of more traditional derivatives such as futures, forward and option contracts. However, structured instruments may entail a greater degree of market risk and volatility than other types of debt obligations.

The Fund will be subject to credit risk with respect to the counterparties to certain Derivatives Transactions entered into by the Fund. Derivatives may be purchased on established exchanges or through privately negotiated OTC transactions. Each party to an OTC derivative bears the risk that the counterparty will default.

If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

Option Strategy Risk. There are various risks associated with the Fund’s Option Strategy. When the Fund writes a covered call option, the Fund forgoes, during the life of the option, the opportunity to profit from increases in the market value of the underlying security or securities held by the Fund with respect to which the option was written above the sum of the premium and the exercise price. For index options, this will depend, in part, on the extent of correlation of the performance of the Fund’s portfolio securities with the performance of the relevant index. Writing covered call options will generally limit the Fund’s ability to benefit from the full appreciation potential of its stock investments underlying the options, and the Fund retains the risk of loss (less premiums received) if the value of the underlying stock investment declines. This combination of potentially limited appreciation and full depreciation over time may lead to erosion in the value of the Fund’s portfolio, and the Fund’s performance may be lower than it otherwise would have been if it did not write covered call options.
Writing naked calls is riskier than writing covered calls because there is no underlying security held by the Fund that can act as either a full or a partial hedge. Naked calls have speculative characteristics and the potential for loss is unlimited. When a naked call is exercised, the Fund must purchase the underlying security to meet its call obligation. There is also a risk, especially with less liquid preferred and debt securities, that the securities may not be available for purchase. If the purchase price exceeds the exercise price of an exercised naked call, the Fund will lose the difference minus any premium received (for writing the call option).

Put option writing exposes the Fund to the risk that it may be required to purchase the underlying security for an exercise price higher than its then-current market price, resulting in a loss on exercise equal to the amount by which the market price of the security is below the exercise price minus the premium received.

The Fund’s ability to use options as part of its investment program depends on the liquidity of the markets in those instruments. In addition, there can be no assurance that a liquid market will exist when the Fund seeks to close out an option position. If the Fund were unable to close out an option that it had purchased on a security, it would have to exercise the option in order to realize any profit or the option may expire worthless.

There are significant differences between the securities and options markets that could result in an imperfect correlation between these markets. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. In the case of index options, the Investment Manager will attempt to maintain for the Fund written call option positions on equity indexes whose price movements, taken in the aggregate, are closely correlated with the price movements of securities held in the Fund’s stock portfolio. However, this strategy involves significant risk that the changes in value of the indexes underlying the Fund’s written call option positions will not correlate closely with changes in the market value of the corresponding securities held by the Fund. To the extent that there is a lack of correlation, movements in the indexes underlying the options positions may result in net losses to the Fund (including at times when the market values of securities held by the Fund are declining) that exceed option premiums received and any increase in value of the Fund’s corresponding portfolio securities.

When the Fund writes listed or exchange-traded options, a liquid secondary market may not exist on an exchange when the Fund seeks to close out an option position. The value of options written by the Fund may be adversely affected if the market for the option is reduced or becomes illiquid. If trading were discontinued, the secondary market on that exchange (or in that class or series of options) would cease to exist.

The Fund may write unlisted OTC options, particularly with respect to foreign securities and indexes. OTC options differ from listed or exchange-traded options in that they are two-party contracts, with price and other terms negotiated between buyer and seller, and generally do not have as much market liquidity as exchange-traded options. In addition, the Fund’s ability to terminate OTC options may be more limited than with exchange-traded options. In the event of default or insolvency of the counterparty, the Fund may be unable to liquidate an OTC option position.

**Counterparty Risk.** The Fund will be subject to credit risk with respect to the counterparties to any Derivatives Transactions entered into by the Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

**Risks Related to the Fund’s Clearing Broker and Central Clearing Counterparty.** The CEA requires swaps and futures clearing brokers registered as “futures commission merchants” to segregate all funds received from customers with respect to any orders for the purchase or sale of U.S. domestic futures contracts and cleared swaps from the brokers’ proprietary assets. Similarly, the CEA requires each futures commission merchant to hold in separate secure accounts all funds received from customers with respect to any orders for the purchase or sale of foreign futures contracts and cleared swaps and segregate any such funds. However, all funds and other property received by a clearing broker from its customers are held by the clearing broker on a commingled basis in an omnibus account and may be invested in certain instruments permitted under applicable regulations. There is a risk that assets deposited by the Fund with any swaps or futures clearing broker as margin for futures
contracts or cleared swaps may, in certain circumstances, be used to satisfy losses of other clients of the Fund’s clearing broker. In addition, the assets of the Fund might not be fully protected in the event of the Fund’s clearing broker’s bankruptcy, as the Fund would be limited to recovering only a pro rata share of all available funds segregated on behalf of the clearing broker’s customers for the relevant account class.

Similarly, the CEA requires a clearing organization approved by the CFTC as a derivatives clearing organization to segregate all funds and other property received from a clearing member’s clients in connection with domestic cleared derivative contracts from any funds held at the clearing organization to support the clearing member’s proprietary trading. Nevertheless, all customer funds held at a clearing organization in connection with any futures contracts are held in a commingled omnibus account and are not identified to the name of the clearing member’s individual customers. All customer funds held at a clearing organization with respect to cleared swaps of customers of a clearing broker are also held in an omnibus account, but CFTC rules require that the clearing broker notify the clearing organization of the amount of the initial margin provided by the clearing broker to the clearing organization that is attributable to each customer. With respect to futures and options contracts, a clearing organization may use assets of a non-defaulting customer held in an omnibus account at the clearing organization to satisfy payment obligations of a defaulting customer of the clearing member to the clearing organization. With respect to cleared swaps, a clearing organization generally cannot do so, but may do so if the clearing member does not provide accurate reporting to the clearing organization as to the attribution of margin among its clients. Also, since clearing brokers generally provide to clearing organizations the net amount of variation margin required for cleared swaps for all of its customers in the aggregate, rather than the gross amount of each customer, the Fund is subject to the risk that a clearing organization will not make variation margin payments owed to the Fund if another customer of the clearing member has suffered a loss and is in default. As a result, in the event of a default or the clearing broker’s other clients or the clearing broker’s failure to extend its own funds in connection with any such default, the Fund may not be able to recover the full amount of assets deposited by the clearing broker on behalf of the Fund with the clearing organization.

Derivatives Transactions Regulatory Risk. The derivatives markets have become subject to comprehensive statutes, regulations and margin requirements. In particular, the United States rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act will require certain OTC derivatives, including certain interest rate swaps and certain credit default index swaps to be executed on a regulated market and cleared through a central counterparty, which may result in increased margin requirements and costs for the Fund. Further, the CFTC has recently amended certain exclusions from the definition of a “commodity pool operator” under CFTC Rule 4.5 as they apply to investment companies registered with the SEC. In the event that the Fund’s investments in commodity interests, including futures, swaps and options, exceeds a certain threshold, the Investment Manager may be required to register as a “commodity pool operator” with the CFTC with respect to the Fund. In the event the Investment Manager is required to register with the CFTC, it will become subject to additional disclosure, recordkeeping and reporting requirements with respect to the Fund, which may increase the Fund’s expenses.

Listed Options Risk. When the Fund writes listed or exchange-traded options, a liquid secondary market may not exist on an exchange when the Fund seeks to close out an option position. Reasons for the absence of a liquid secondary market on an exchange include the following: (1) there may be insufficient trading interest in certain options; (2) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (3) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options; (4) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (5) the facilities of an exchange or the OCC may not at all times be adequate to handle current trading volume; or (6) one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of options (or a particular class or series of options). The value of options written by the Fund may be adversely affected if the market for the option is reduced or becomes illiquid. If trading were discontinued, the secondary market on that exchange (or in that class or series of options) would cease to exist. In addition, the hours of trading for options may not conform to the hours during which securities held by the Fund are traded. To the extent that the options markets close before the markets for underlying securities, significant price and rate movements can take place in the underlying markets that cannot be reflected in the options
markets. In addition, the Fund’s listed options transactions may be subject to limitations established by each of
the exchanges, boards of trade or other trading facilities on which the options are traded. These limitations
govern the maximum number of options in each class that may be written by a single investor or group of
investors acting in concert, regardless of whether the options are written on the same or different exchanges,
boards of trade or other trading facilities or are written in one or more accounts or through one or more brokers.
Thus, the number of options that the Fund may write may be affected by options written by other investment
advisory clients of the Investment Manager or its affiliates. An exchange, board of trade or other trading facility
may order the liquidation of positions found to be in excess of these limits, and it may impose other sanctions.

Over-the-Counter Options Risk. The Fund may write unlisted OTC options, particularly with respect to
foreign securities and indexes. OTC options differ from listed or exchange-traded options in that they are two-party
contracts, with price and other terms negotiated between buyer and seller, and generally do not have as much market
liquidity as exchange-traded options. The counterparties to these transactions will typically be major international
banks, broker-dealers and financial institutions. The Fund may be required to treat OTC options purchased, as well
as securities being used to cover certain written OTC options, as illiquid. The OTC options written by the Fund will
not be issued, guaranteed or cleared by the OCC. In addition, the Fund’s ability to terminate OTC options may be
more limited than with exchange-traded options and may involve enhanced risk that banks, broker-dealers or other
financial institutions participating in such transactions will not fulfill their obligations. In the event of default or
insolvency of the counterparty, the Fund may be unable to liquidate an OTC option position.

Restricted and Illiquid Securities Risk. The Fund may invest in investments that may be illiquid (i.e.,
securities that are not readily marketable). Such securities may include MLPs and Energy Investments and non-
MLPs and Energy Investments. Illiquid securities are securities that are not readily marketable and may include
some restricted securities, which are securities that may not be resold to the public without an effective
registration statement under the Securities Act or, if they are unregistered, may be sold only in a privately
negotiated transaction or pursuant to an exemption from registration. Illiquid investments involve the risk that the
securities will not be able to be sold at the time desired by the Fund or at prices approximating the value at which
the Fund is carrying the securities on its books. Restricted securities and illiquid securities are often more
difficult to value and the sale of such securities often requires more time and results in higher brokerage charges
or dealer discounts and other selling expenses than does the sale of liquid securities trading on national securities
exchanges or in the OTC markets. Contractual restrictions on the resale of securities result from negotiations
between the issuer and purchaser of such securities and therefore vary substantially in length and scope. To
dispose of a restricted security that the Fund has a contractual right to sell, the Fund may first be required to
cause the security to be registered. A considerable period may elapse between a decision to sell the securities and
the time when the Fund would be permitted to sell, during which time the Fund would bear market risks.

Risk of Market Price Discount From Net Asset Value. Shares of closed-end investment companies
frequently trade at a discount from their net asset value. This characteristic is a risk separate and distinct from the
risk that net asset value could decrease as a result of investment activities and may be greater for investors
expecting to sell their shares in a relatively short period following completion of this offering. Net asset value
will be reduced immediately following the offering of the Common Shares by the sales load and the amount of
organizational and offering expenses paid by the Fund. Whether investors will realize gains or losses upon the
sale of the shares will depend not upon the Fund’s net asset value but entirely upon whether the market price of
the shares at the time of sale is above or below the investor’s purchase price for the shares. Because the market
price of the shares will be determined by factors such as relative supply of and demand for shares in the market,
general market and economic conditions, and other factors beyond the control of the Fund, the Investment
Manager cannot predict whether the Common Shares will trade at, above or below net asset value, or at below or
above the initial public offering price.

ADDITIONAL RISK CONSIDERATIONS

Management Risk. As an actively managed investment portfolio, the Fund is subject to management risk.
The Investment Manager and each individual portfolio manager may not be successful in selecting the best
performing securities or investment techniques, and the Fund’s performance may lag behind that of similar
funds. While the Investment Manager has experience investing in MLPs and in energy-related companies, the Fund will be the Investment Manager’s first portfolio with significant exposure to MLPs.

**Portfolio Turnover Risk.** The Fund may engage in portfolio trading when considered appropriate, but short-term trading will not be used as the primary means of achieving the Fund’s investment objective. There are no limits on portfolio turnover, and investments may be sold without regard to length of time held when, in the opinion of the Investment Manager, investment considerations warrant such action. The types of MLPs in which the Fund intends to invest have historically made cash distributions of which a substantial portion are not treated as income to the Fund in the current year but are treated as a non-taxable return of capital to the extent of the Fund’s basis in MLPs and Energy Investments. The sooner the Fund sells such MLPs and Energy Investments, the sooner the Fund would be required to realize resulting gains. Distributions attributable to gain from the sale of investments in MLPs that is characterized as ordinary income under the Code’s recapture provisions or that is characterized as short-term capital gain will generally be taxable to Common Shareholders as ordinary income. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. High portfolio turnover at the Subsidiary level may result in the acceleration of the recognition of income, including recapture income, or gain by the Subsidiary. As a result, the Subsidiary may be required to pay a greater amount of taxes than it would have been required to pay in the absence of high portfolio turnover, which taxes will reduce the amount available for investing.

**Inflation Risk.** Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions can decline and the dividend payments on the Preferred Shares, if any, or interest payments on any Borrowings may increase. In addition, during any periods of rising inflation, Preferred Share dividend rates would likely increase, which would tend to further reduce returns to Common Shareholders.

**Non-Diversified Status.** The Fund is classified as a “non-diversified” investment company under the 1940 Act, which means the Fund is not limited by the 1940 Act in the proportion of its assets that may be invested in the securities of a single issuer. However, the Fund intends to conduct its operations so as to qualify as a RIC for purposes of the Code (including by meeting the applicable diversification requirements under the Code), which generally will relieve the Fund of any liability for U.S. federal income tax to the extent the Fund’s earnings are distributed to shareholders. See “Taxation” in this prospectus and the SAI. Because the Fund, as a non-diversified investment company, may invest in a smaller number of individual issuers than a diversified investment company, an investment in the Fund presents greater risk to you than an investment in a diversified company.

**Anti-Takeover Provisions.** Certain provisions of the Fund’s Articles of Incorporation and By-Laws could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to modify the Fund’s structure. The provisions may have the effect of depriving you of an opportunity to sell your shares at a premium over prevailing market prices and may have the effect of inhibiting conversion of the Fund to an open-end investment company. These include provisions for staggered terms of office for members of the Board of Directors, super-majority voting requirements for merger, consolidation, liquidation, termination and asset sale transactions, amendments to the Articles of Incorporation and conversion to open-end status. See “Description of Shares” and “Certain Provisions of the Articles of Incorporation and By-Laws.”

**Market Disruption Risk.** Global financial markets have recently experienced periods of unprecedented turmoil. The debt and equity capital markets in the United States were negatively impacted by significant write-offs in the financial services sector relating to subprime mortgages and the re-pricing of credit risk in the broader market, among other things. These events, along with the deterioration of the housing market, the failure of major financial institutions and the concerns that other financial institutions as well as the global financial system were also experiencing severe economic distress materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial firms in particular. These events contributed to severe market volatility and caused severe liquidity strains in the credit markets. Volatile financial markets can expose the Fund to greater market and liquidity risk. Risks to a robust resumption of growth persist: a weak consumer market weighed down by too much debt and increasing
joblessness, the growing size of the federal budget deficit and national debt, and the threat of inflation. A return to unfavorable economic conditions or sustained economic slowdown may place downward pressure on oil, natural gas and other energy prices and may adversely affect the ability of MLPs to sustain their historical distribution levels, which in turn, may adversely affect the Fund. These factors may also adversely affect other energy companies. MLPs and energy companies that have historically relied heavily on outside capital to fund their growth have been impacted by the contraction in the capital markets. The continued recovery of the MLP and energy sectors are dependent on several factors, including the recovery of the financial sector, the general economy and the commodity markets.

The current financial market situation, as well as various social, political, and psychological tensions in the United States and around the world, may continue to contribute to increased market volatility, may have long-term effects on the U.S. and worldwide financial markets; and may cause further economic uncertainties or deterioration in the United States and worldwide. The prolonged continuation or further deterioration of the current U.S. and global economic downturn could adversely impact the Fund’s portfolio.

The instability in the financial markets has led governments to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. Federal, state, and other governments, their regulatory agencies, or self regulatory organizations may take actions that affect the regulation of the instruments in which the Fund invests, or the issuers of such instruments, in ways that are unforeseeable.

The wars with Iraq and Afghanistan and similar conflicts and geopolitical developments, their aftermath and substantial military presence in Afghanistan are likely to have a substantial effect on the United States and world economies and securities markets. The nature, scope and duration of the wars and the potential costs of rebuilding infrastructure cannot be predicted with any certainty. Terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001 closed some of the U.S. securities markets for a four-day period and similar future events cannot be ruled out. The war and occupation, terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Likewise, natural and environmental disasters, such as the earthquake and tsunami in Japan in early 2011, and systemic market dislocations of the kind surrounding the insolvency of Lehman Brothers in 2008, if repeated, could be highly disruptive to economies and markets. Those events, as well as other changes in foreign and domestic economic and political conditions, also could have an acute effect on individual issuers or related groups of issuers. These risks also could adversely affect individual issuers and securities markets, interest rates, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to the Fund’s investments and the market value and net asset value of the Fund’s Common Shares.

**Potential Conflicts of Interest Risk.** The Investment Manager and its affiliates are involved worldwide with a broad spectrum of financial services and asset management activities and may engage in the ordinary course of business in activities in which their interests or the interests of their clients may conflict with those of the Fund. The Investment Manager and its affiliates may provide investment management services to other funds and discretionary managed accounts that follow an investment program similar to that of the Fund. Subject to the requirements of the 1940 Act, the Investment Manager and its affiliates intend to engage in such activities and may receive compensation from third parties for their services. Neither the Investment Manager nor its affiliates are under any obligation to share any investment opportunity, idea or strategy with the Fund. As a result, the Investment Manager and its affiliates may compete with the Fund for appropriate investment opportunities. The results of the Fund’s investment activities, therefore, may differ from those of other accounts managed by the Investment Manager or its affiliates, and it is possible that the Fund could sustain losses during periods in which one or more of the proprietary or other accounts managed by the Investment Manager or its affiliates achieve profits. The Investment Manager has informed the Fund’s Board of Directors that the investment professionals associated with the Investment Manager are actively involved in other investment activities not concerning the Fund and will not be able to devote all of their time to the Fund’s business and affairs. The Investment Manager and its affiliates have adopted policies and procedures designed to address potential conflicts of interests and to allocate investments among the accounts managed by the Investment Manager and its affiliates in a fair and equitable manner.
Dependence on Key Personnel Risk. The Investment Manager is dependent upon the experience and expertise of certain key personnel in providing services with respect to the Fund’s investments. If the Investment Manager were to lose the services of these individuals, its ability to service the Fund could be adversely affected. As with any managed fund, the Investment Manager might not be successful in selecting the best-performing securities or investment techniques for the Fund’s portfolio and the Fund’s performance may lag behind that of similar funds. In addition, the performance of the Fund may also depend on the experience and expertise of individuals who become associated with the Investment Manager in the future.

HOW THE FUND MANAGES RISK

Investment Limitations. The Fund has adopted certain investment limitations designed to limit investment risk that are fundamental and may not be changed without the approval of the holders of a “majority of the outstanding” (as defined below) Common Shares and, if issued, Preferred Shares voting as a single class, and the approval of the holders of a majority of the Preferred Shares voting as a separate class. When used with respect to particular shares of the Fund, a “majority of the outstanding” shares means (i) 67% or more of the shares present at a meeting, if the holders of more than 50% of the shares are present or represented by proxy, or (ii) more than 50% of the shares, whichever is less.

The Fund may become subject to guidelines that are more limiting than its investment restrictions in order to obtain and maintain ratings from NRSROs on any Preferred Shares that it issues. The Fund does not anticipate that such guidelines would have a material adverse effect on the Fund’s Common Shareholders or the Fund’s ability to achieve its investment objective. See “Investment Objective and Policies” in the SAI for a complete list of the fundamental and non-fundamental investment policies of the Fund.

Management of Investment Portfolio and Capital Structure to Limit Leverage Risk. The Fund may take certain actions if short-term interest rates increase or market conditions otherwise change (or the Fund anticipates such an increase or change) and the Fund has incurred leverage which begins (or is expected) to adversely affect Common Shareholders. In order to attempt to offset such a negative impact of leverage on Common Shareholders, the Fund may attempt to shorten the average maturity of its overall investment portfolio or may reduce any indebtedness or extend the maturity of any outstanding Preferred Shares or reduce any Borrowings. The Fund may also attempt to reduce the leverage by redeeming or otherwise purchasing any Preferred Shares. As explained above under “Use of Leverage—Leverage Risk,” the success of any such attempt to limit leverage risk depends on the Investment Manager’s ability to accurately predict interest rate or other market changes. Because of the difficulty of making such predictions, the fund never attempt to manage its capital structure in the manner described in this paragraph.

If the Fund incurs leverage and market conditions suggest that additional leverage would be beneficial, the Fund may sell previously unissued Preferred Shares or Preferred Shares that the Fund previously issued but later repurchased or otherwise increase Borrowings.

Hedging Transactions. The Fund may enter into Derivatives Transactions, in part, to manage risk. See “Principal Risks of the Fund—Derivatives Transactions Risk.”

Limited Issuance of Preferred Shares and Borrowings. The Fund is limited under the 1940 Act in the level of Borrowings it may incur and the amount of Preferred Shares it may issue. See “Description of Shares—Limited Issuance of Preferred Shares and Borrowings.” The Fund has no current intention to issue Preferred Shares.
MANAGEMENT OF THE FUND

The business and affairs of the Fund are managed under the direction of the Board of Directors. The members of the Board of Directors (the “Directors”) approve all significant agreements between the Fund and persons or companies furnishing services to it, including the Fund’s agreement with its Investment Manager, co-administrator, custodian and transfer agent. The management of the Fund’s day-to-day operations is delegated to its officers, the Investment Manager and the Fund’s co-administrator, subject always to the investment objective and policies of the Fund and to the general supervision of the Directors. The names and business addresses of the Directors and officers of the Fund and their principal occupations and other affiliations during the past five years are set forth under “Management of the Fund” in the SAI.

Investment Manager

Cohen & Steers Capital Management, Inc., with offices located at 280 Park Avenue, New York, New York 10017, has been retained to provide investment advice, and, in general, to conduct the management and investment program of the Fund under the overall supervision and control of the Directors of the Fund. The Investment Manager, a registered investment adviser, was formed in 1986, and as of December 31, 2012, had $45.8 billion of assets under management. Its clients include pension plans, endowment funds and registered investment companies, including some of the largest open-end and closed-end real estate funds. Registered open-end and closed-end funds advised by the Investment Manager (the “Cohen & Steers Funds”) invest in U.S. and non-U.S. real estate investment trusts and other real estate securities, infrastructure securities, preferred and other fixed income securities and dividend paying large-cap value securities. The Investment Manager is a wholly owned subsidiary of Cohen & Steers, Inc., a publicly traded company whose common stock is listed on the NYSE under the symbol “CNS.”

Investment Management Agreement

Under its Investment Management Agreement with the Fund, the Investment Manager furnishes a continuous investment program for the Fund’s portfolio, makes the day-to-day investment decisions for the Fund, and generally manages the Fund’s investments in accordance with the stated policies of the Fund, subject to the general supervision of the Board of Directors of the Fund. The Investment Manager will be responsible for the management of the Fund’s portfolio. The Investment Manager also performs certain administrative services for the Fund and provides persons satisfactory to the Directors of the Fund to serve as officers of the Fund. Such officers, as well as certain other employees and Directors of the Fund, may be directors, officers or employees of the Investment Manager. For a description of the sales load, structuring fees and other compensation paid to the underwriters, see “Underwriting.”

For its services under the Investment Management Agreement, the Fund will pay the Investment Manager a monthly investment management fee computed at the annual rate of 1.00% of the Fund’s average daily Managed Assets. In addition to the monthly management fee, the Fund pays all other costs and expenses of its operations, including compensation of its Directors, administration, custodian, transfer agency and dividend disbursing expenses, legal fees, expenses of independent auditors, expenses of repurchasing shares, expenses of issuing any Preferred Shares, listing expenses, expenses of preparing, printing and distributing shareholder reports, notices, proxy statements and reports to governmental agencies and taxes, if any. If the Fund utilizes leverage, the fees paid to the Investment Manager for investment advisory and administration services will be higher than if the Fund did not utilize leverage because the fees paid will be calculated based on the Fund’s Managed Assets, which includes the net asset value of the Common Shares, the principal amount of loans from financial institutions or debt securities issued by the Fund, the liquidation preference of Preferred Shares issued by the Fund, if any, and the proceeds of any Reverse Repurchase Agreements entered into by the Fund. The Fund’s investment management fees and other expenses are paid only by the Common Shareholders and not by holders of the Preferred Shares. See “Use of Leverage.”

A discussion regarding the considerations of the Fund’s Board of Directors for approving the Investment Management Agreement will be included in the Fund’s first report to shareholders.
The Investment Manager will provide investment management services to the Subsidiary pursuant to an investment management agreement between the Investment Manager and the Subsidiary. The costs of such services will be paid by the Subsidiary and therefore borne by the Subsidiary’s sole shareholder, the Fund. The total investment management fees charged to the Fund and the Subsidiary on a consolidated basis will not exceed the investment management fee rate set forth in the “Annual Expenses” table. See “Summary of Fund Expenses.”

**Portfolio Managers**

The Fund’s portfolio managers are:

*Robert S. Becker*—Mr. Becker is a vice president of the Fund. He joined the Investment Manager in 2003 and currently serves as senior vice president of the Investment Manager and CNS. Prior to joining the Investment Manager, Mr. Becker was a co-portfolio manager of the Franklin Utilities Fund at Franklin Templeton Investments. Mr. Becker has previously held positions in equity research for the utility sector at Salomon Smith Barney and Scudder, Stevens and Clark.

*Benjamin Morton*—Mr. Morton is a vice president of the Fund. Mr. Morton joined the Investment Manager in 2003 as a research analyst covering utilities, and currently serves as senior vice president of the Investment Manager and CNS. Prior to joining the Investment Manager, Mr. Morton was a research associate at Citigroup.

The Investment Manager utilizes a team-based approach in managing the Fund. Messrs. Becker and Morton, as the leaders of the team, direct and supervise the execution of the Fund’s investment strategy, and lead and guide other members of the global investment team.

See “Management of the Fund—Compensation of Directors and Certain Officers” and “Investment Management and Other Services” in the SAI for further information about the Fund’s portfolio managers’ compensation, other accounts managed by the portfolio managers and the portfolio managers’ ownership of securities in the Fund.

**Administration and Co-Administration Agreement**

Under the Administration Agreement with the Fund, the Investment Manager will have responsibility for providing administrative services and assisting the Fund with operational needs, including providing administrative services necessary for the operations of the Fund and furnishing office space and facilities required for conducting the business of the Fund.

In accordance with the Administration Agreement and with the approval of the Board of Directors of the Fund, the Fund has entered into an agreement with U.S. Bancorp Fund Services, LLC as co-administrator under a fund accounting and administration agreement (the “Co-Administration Agreement”). Under the Co-Administration Agreement, U.S. Bancorp Fund Services, LLC has assumed responsibility for certain fund administration services.

Under the Administration Agreement, the Fund pays the Investment Manager an amount equal to, on an annual basis, .05% of the Fund’s average daily Managed Assets. Under the Co-Administration Agreement, the Fund pays U.S. Bancorp Fund Services, LLC a monthly co-administration fee. The co-administration fee paid by the Fund to U.S. Bancorp Fund Services, LLC is computed on the basis of the average net assets in the Fund at an annual rate equal to .06% of the first $400 million in assets and .04% of assets in excess of $400 million, with a minimum fee of $90,000. U.S. Bank National Association, an affiliate of U.S. Bancorp Fund Services, LLC, serves as the Fund’s custodian and Computershare has been retained to serve as the Fund’s transfer agent, dividend disbursing agent and registrar. See “Custodian, Transfer Agent, Dividend Disbursing Agent and Registrar.”
DIVIDENDS AND DISTRIBUTIONS

Level Rate Distribution Policy

Subject to the determination of the Board of Directors to implement a Managed Distribution Policy, as discussed below, commencing with the Fund’s first regular distribution, the Fund intends to implement a Level Rate Distribution Policy, pursuant to which the Fund intends to make regular quarterly cash distributions to Common Shareholders at a level rate based on the projected performance of the Fund, which rate is a fixed dollar amount which may be adjusted from time to time. The tax treatment and characterization of the Fund’s distributions may vary significantly from time to time because of the varied nature of the Fund’s investments. The ultimate tax characterization of the Fund’s distributions made in a taxable year cannot be determined finally until after the end of that taxable year.

Distributions can only be made from net investment income after making any required payments on any interest rate transactions. The Fund’s ability to maintain a level distribution rate will depend on a number of factors, including the stability of income received from its investments. Over time, the Fund will distribute all of its net investment income. In addition, at least annually, the Fund intends to distribute all of its net realized capital gains, if any, to stockholders. The Fund expects to declare the initial quarterly distribution on the Common Shares within approximately 60-90 days, and to pay approximately 120 days, from the completion of this offering, depending on market conditions. The net income of the Fund consists of all income accrued on portfolio assets less all expenses of the Fund. Expenses of the Fund are accrued each day. At times, to maintain a stable level of distributions, the Fund may pay out less than all of its net investment income, in which case the undistributed net investment income would be available to supplement distributions in future quarterly periods. At other times, in addition to paying out current net investment income, the Fund may pay out accumulated undistributed income or may return capital. As a result, the distributions paid by the Fund for any particular quarterly period may be more or less than the amount of net investment income actually earned by the Fund during the period. Undistributed net investment income will be added to the Fund’s net asset value and, correspondingly, distributions from undistributed net investment income will be deducted from the Fund’s net asset value. See “Taxation.”

Managed Distribution Policy

The Fund may rely on an exemptive order from the SEC received by the Investment Manager and certain closed-end funds managed by the Investment Manager to implement a Managed Distribution Policy. If, for any distribution, net investment income and net realized capital gains were less than the amount of the distribution, the difference would be distributed from the Fund’s assets and may constitute a return of capital. The Fund’s final distribution for each calendar year would include any remaining net investment income and net realized capital gain undistributed during the year. In the event the Fund distributed in any calendar year amounts in excess of net investment income and net realized capital gain (such excess, the “Excess”), such distribution would decrease the Fund’s assets and, therefore, have the likely effect of increasing the Fund’s expense ratio. There is a risk that the Fund would not eventually realize capital gains in an amount corresponding to the distribution of the Excess. In addition, in order to make such distributions, the Fund may have to sell a portion of its investment portfolio at a time when independent investment judgment might not dictate such action.

A Managed Distribution Policy may require certain distributions that may be deemed a return of capital for tax purposes. For each taxable year, the Excess generally will be treated as a return of capital that is tax-free to the Common Shareholders, up to the amount of the stockholder’s tax basis in the applicable Common Shares, with any amounts exceeding such basis treated as gain from the sale of such Common Shares. In certain instances, the Fund may make distributions exceeding net capital gains for that year (as reduced by capital loss carryforwards) but not exceeding current earnings and profits, in which case those distributions will be taxable as ordinary income.

There is no guarantee that the Board of Directors will determine to implement a Managed Distribution Policy. The Board of Directors reserves the right to change the distribution policy from time to time and to amend or terminate a Level Rate Distribution Policy or a Managed Distribution Policy at any time without prior notice to Common Shareholders.
Dividend Reinvestment Plan

The Fund has a dividend reinvestment plan commonly referred to as an “opt-out” plan. Each Common Shareholder who does not specifically elect to receive cash will automatically participate in the Plan and will have all distributions of dividends reinvested in additional Common Shares by Computershare as agent (the “Plan Agent”). Common Shareholders who elect not to participate in the Plan will receive all distributions in cash paid by check mailed directly to the shareholder of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent, as dividend disbursing agent. Common Shareholders whose Common Shares are held in the name of a broker or nominee should contact the broker or nominee to determine whether and how they may participate in the Plan.

The Plan Agent serves as agent for the Common Shareholders in administering the Plan. After the Fund declares a dividend, the Plan Agent will, as agent for the shareholders, either (i) receive the cash payment and use it to buy Common Shares in the open market, on the NYSE or elsewhere, for the participants’ accounts or (ii) distribute newly issued Common Shares of the Fund on behalf of the participants. The Plan Agent will receive cash from the Fund with which to buy Common Shares in the open market if, on the distribution payment date, the net asset value per share exceeds the market price per Common Share plus estimated brokerage commissions on that date. The Plan Agent will have until the last business day before the next ex-dividend date for the Common Shares, but in no event more than 30 days after the distribution payment date (as the case may be, the “Purchase Period”), to invest the dividend or distribution in Common Shares purchased in the open market. During the Purchase Period, however, if at the close of business on any day on which net asset value is calculated, the net asset value of a Common Share equals or is less than the market price per share plus estimated brokerage commissions, the Plan Agent will cease making open market purchases and the uninvested portion of such dividends or distributions shall be filled through the issuance of new Common Shares at the price set forth below. The Plan Agent will receive the dividend or distribution in newly issued Common Shares of the Fund if, on the payment date, the market price per share plus estimated brokerage commissions equals or exceeds the net asset value per share of the Fund on that date. The number of shares to be issued will be computed at a per share rate equal to the greater of (i) the net asset value or (ii) 95% of the closing market price per Common Share on the payment date.

Participants in the Plan may withdraw from the plan upon notice to the Plan Agent. Such withdrawal will be effective immediately if received not less than ten days prior to a distribution record date; otherwise, it will be effective for all subsequent distributions. If any participant elects to have the Plan Agent sell all or part of his or her shares and remit the proceeds, the Plan Agent is authorized to deduct a $15.00 fee plus $.10 per share brokerage commissions.

In the case of record shareholders, such as banks, brokers or nominees (each, a “nominee”), which hold Common Shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of Common Shares certified from time to time by the nominee as representing the total amount registered in the nominee’s name and held for the account of beneficial owners who are participants in the Plan. If your Common Shares are held through a nominee who has elected not to participate in the Plan and are not registered with the Plan Agent, the nominee may reinvest all dividends and distributions received on your behalf from the Fund in Common Shares through open-market purchases at a price per share that may be higher or lower than the Fund’s NAV per share. Please contact your financial institution for details. Common Shares may be purchased through any of the underwriters, acting as broker or, after the completion of this offering, acting as dealer.

The Plan Agent’s fees for the handling of reinvestment of dividends and other distributions will be paid by the Fund. Each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent’s open market purchases in connection with the reinvestment of distributions. There are no other charges to participants for reinvesting dividend distributions. Purchases and/or sales are usually made through a broker affiliated with Computershare.

Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate the Plan as applied to any distribution paid subsequent to written notice of the change sent
to all shareholders of the Fund at least 90 days before the record date for the dividend or distribution. The Plan also may be amended or terminated by the Plan Agent by at least 90 days’ written notice to all shareholders of the Fund. All correspondence concerning the Plan should be directed to the Plan Agent by telephone at 866-227-0757.

The automatic reinvestment of dividends will not relieve participants of any income tax that may be payable or required to be withheld on such dividends or distributions. See “Taxation.”

CLOSED-END STRUCTURE

The Fund is a non-diversified closed-end management investment company. Closed-end investment companies differ from open-end investment companies (open-end funds or mutual funds) in that closed-end investment companies generally list their shares for trading on a stock exchange and do not redeem their shares at the request of the shareholder. This means that if you wish to sell your shares of a closed-end investment company you must trade them on the market like any other stock at the prevailing market price at that time. In an open-end fund, if the shareholder wishes to sell shares, the fund will redeem or buy back the shares at “net asset value.” Open-end funds generally offer new shares on a continuous basis to new investors, and closed-end investment companies generally do not. The continuous inflows and outflows of assets in an open-end fund can make it difficult to manage the fund’s investments. By comparison, closed-end investment companies are generally able to stay fully invested in securities that are consistent with their investment objectives, and also have greater flexibility to make certain types of investments, and to use certain investment strategies, such as leverage and investments in illiquid securities.

Shares of closed-end investment companies frequently trade at a discount to their net asset value. See “Principal Risks of the Fund—Risk of Market Price Discount From Net Asset Value.” Because of this possibility and the recognition that any such discount may not be in the best interest of shareholders, the Fund’s Board of Directors might consider from time to time engaging in open market repurchases, tender offers for shares at net asset value or other programs intended to reduce the discount. The Fund cannot guarantee or assure, however, that the Fund’s Board of Directors will decide to engage in any of these actions. Nor is there any guarantee or assurance that such actions, if undertaken, would result in shares trading at a price equal or close to net asset value per share. See “Repurchase of Shares.” The Board of Directors may also consider converting the Fund to an open-end fund, which would require a vote of the shareholders of the Fund.

REPURCHASE OF SHARES

Shares of closed-end investment companies often trade at a discount to net asset value, and the Fund’s shares may also trade at a discount to their net asset value, although it is possible that they may trade at a premium above net asset value. The market price of the Common Shares will be determined by such factors as relative demand for and supply of shares in the market, the Fund’s net asset value, general market and economic conditions and other factors beyond the control of the Fund.

Although Common Shareholders will not have the right to redeem their shares, the Fund may take action to repurchase shares in the open market or make tender offers for its shares at net asset value. During the pendency of any tender offer, the Fund will publish how Common Shareholders may readily ascertain the net asset value. For more information see “Repurchase of Shares” in the SAI. Repurchase of the Common Shares may have the effect of reducing any market discount to net asset value.

There is no assurance that, if action is undertaken to repurchase or tender for shares, such action will result in the shares trading at a price which approximates their net asset value. Although share repurchases and tenders could have a favorable effect on the market price of the shares, you should be aware that the acquisition of shares by the Fund will decrease the total assets of the Fund and, therefore, have the effect of increasing the Fund’s expense ratio and may adversely affect the ability of the Fund to achieve its investment objectives. To the extent the Fund may need to liquidate investments to fund repurchases of shares, this may result in portfolio turnover which will result in additional expenses being borne by the Fund and may result in higher taxes when Fund shares are held in a taxable account. The Board of Directors currently consider the following factors to be
relevant to a potential decision to repurchase shares: the extent and duration of the discount, the liquidity of the Fund’s portfolio, the impact of any action on the Fund or its shareholders and market considerations. Any share repurchases or tender offers will be made in accordance with the requirements of the Securities Exchange Act of 1934, as amended, and the 1940 Act. See “Taxation” for a description of the potential tax consequences of a share repurchase.

TAXATION

The following discussion summarizes only, except as specifically noted, the U.S. federal income tax consequences of investing in the Fund and is based on the U.S. federal tax laws in effect on the date hereof. Such tax laws are subject to change by legislative, judicial or administrative action, possibly with retroactive effect. For more detailed information regarding tax considerations, see the SAI. There may be other tax considerations applicable to particular investors, including foreign shareholders (as defined below). Investors should consult their own tax advisers for more detailed information and for information regarding the impact of state, local and foreign taxes on an investment in the Fund.

Taxation of the Fund

The Fund intends to elect to be treated as, and intends to qualify annually for treatment as a RIC under Subchapter M of the Code. In order for the Fund to qualify as a RIC, it must meet an income and asset diversification test each year. To satisfy the income test, the Fund must derive at least 90% of its gross income for each taxable year from (i) dividends, interest, payments with respect to certain securities loans, and gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including but not limited to gains from options, futures, or forward contracts) derived with respect to its business of investing in such stock, securities, or currencies and (ii) net income derived from interests in QPTPs. To satisfy the asset diversification test, the Fund must diversify its holdings so that at the end of each quarter of its taxable year, (a) at least 50% of the value of its total assets consists of cash and cash items (including receivables), U.S. government securities, securities of other RICs, and other securities limited, with respect to any one issuer, to no more than 5% of the value of the Fund’s total assets and 10% of the outstanding voting securities of such issuer, or of the equity securities of a qualified publicly traded partnership, and (b) not more than 25% of the value of the Fund’s total assets is invested in the securities (other than those of the U.S. government or other RICs) of any one issuer or of two or more issuers which the Fund controls and which are engaged in the same, similar or related trades or businesses, or in the securities of one or more QPTPs. The Fund expects the majority of the MLPs in which it invests to constitute QPTPs, which status is determined annually.

In general, for purposes of the 90% gross income requirement described above, income derived from a partnership will be treated as qualifying income only to the extent such income is attributable to items of income of the partnership that would be qualifying income if realized directly by the Fund. However, 100% of the net income derived from an interest in a QPTP (a partnership (x) the interests in which are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof, and (y) that derives less than 90% of its income in a given year from the qualifying income described in (i) above) will be treated as qualifying income. In general, such entities will be treated as partnerships for U.S. federal income tax purposes because they meet the passive income requirement under Code section 7704(c)(2). In addition, although in general the passive loss rules of the Code do not apply to regulated investment companies, such rules do apply to a regulated investment company with respect to items attributable to an interest in a QPTP.

For purposes of the asset diversification test described above, the term “outstanding voting securities of such issuer” will include the equity securities of a QPTP. Also, for purposes of the diversification test in (b) above, the identification of the issuer (or, in some cases, issuers) of a particular Fund investment can depend on the terms and conditions of that investment. In some cases, identification of the issuer (or issuers) is uncertain under current law, and an adverse determination or future guidance by the IRS with respect to issuer identification for a particular type of investment may adversely affect the Fund’s ability to meet the diversification test.

For each taxable year that the Fund otherwise qualifies as a RIC, it will not be subject to U.S. federal income tax on that part of its investment company taxable income (as that term is defined in the Code) and net
capital gain (the excess of net long-term capital gain over net short-term capital loss, in each case determined with reference to any loss carryforwards) that it distributes to its shareholders, if it distributes at least 90% of the sum of its investment company taxable income and any net tax-exempt interest income for that year in the form of deductible dividends. The Fund intends to make sufficient distributions of its investment company taxable income and net tax-exempt interest income, if any, each taxable year to meet this requirement and to avoid any fund-level tax.

Any taxable income including any net capital gain retained by the Fund will be subject to tax at the Fund level at regular corporate rates. In the case of net capital gain, the Fund is permitted to designate the retained amount as undistributed capital gain in a timely notice to its Common Shareholders who would then, in turn, be (i) required to include in income for U.S. federal income tax purposes, as long-term capital gain, their shares of such undistributed amount, and (ii) entitled to credit their proportionate shares of the tax paid by the Fund on such undistributed amount against their U.S. federal income tax liabilities, if any, and to claim refunds on a properly-filed U.S. tax return to the extent the credit exceeds such liabilities. If the Fund makes this designation, for U.S. federal income tax purposes, the tax basis of shares owned by a shareholder of the Fund would be increased by an amount equal under current law to the difference between the amount of undistributed capital gains included in the shareholder’s gross income under clause (i) of the preceding sentence and the tax deemed paid by the shareholder under clause (ii) of the preceding sentence. The Fund is not required to, and there can be no assurance the Fund will, make this designation if it retains all or a portion of its net capital gain in a taxable year.

It may be difficult for the Fund to meet the income, diversification or distribution tests described above. The Fund’s failure to qualify as a RIC would likely materially reduce the investment return to Common Shareholders. If the Fund were to fail to meet the income, diversification or distribution test described above, the Fund could in some cases cure such failure, including by paying a fund-level tax, paying interest, making additional distributions or disposing of certain assets. If the Fund were ineligible to or otherwise did not cure such failure for any taxable year, or if the Fund were otherwise to fail to qualify as a RIC accorded special tax treatment for such year, the Fund would be subject to tax on its taxable income at corporate rates, and all distributions from earnings and profits, including any distributions of net tax-exempt income and net long-term capital gains, would be taxable to shareholders as dividend income. In addition, the Fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions before re-qualifying as a RIC that is accorded the special tax treatment described above.

Whether or not the Fund qualifies for treatment as a RIC for U.S. federal income tax purposes, it may be subject to state income tax at the Fund level.

The Fund will be subject to a nondeductible 4% excise tax to the extent it fails to distribute by the end of any calendar year an amount at least equal to the sum of (i) 98% of its ordinary income for that calendar year, (ii) 98.2% of its capital gain net income for the one-year period ending on October 31 of that calendar year (or a later date, if the Fund is permitted to elect and so elects) and (iii) any such amounts retained from the prior year. For purposes of the required excise tax distribution, a RIC’s ordinary gains and losses from the sale, exchange or other taxable disposition of property that would otherwise be taken into account after October 31 of a calendar year (or a later date, if the Fund makes the election referred to above) generally are treated as arising on January 1 of the following calendar year. Also, for these purposes, the Fund will be treated as having distributed any amount on which it is subject to corporate income tax for the taxable year ending within the calendar year. For this and other purposes, a distribution will be treated as paid by the Fund and received by the shareholders on December 31 if it is declared by the Fund in October, November or December of such year, made payable to shareholders of record on a date in such a month and paid by the Fund during January of the following year. Any such distribution thus will be taxable to shareholders whose taxable year is the calendar year in the year the distribution is declared, rather than the year in which the distribution is received. The Fund intends generally to make distributions sufficient to avoid the imposition of the 4% excise tax, although there can be no assurance that it will be able to do so.
Taxation of the Subsidiary

The Fund’s wholly-owned Subsidiary will be treated as a regular corporation, or a C corporation, for U.S. federal income tax purposes. Accordingly, the Subsidiary generally will be subject to U.S. federal income tax on its taxable income at the graduated rates applicable to corporations (currently at a maximum rate of 35%). Such taxable income would generally include, among other items, all of the Subsidiary’s net income from its investments in MLPs, as well as any other types of equity securities, derivatives, debt securities, royalty trusts or foreign securities in which the Subsidiary invests, less its deductible expenses. The Subsidiary may be subject to a 20% alternative minimum tax on its alternative minimum taxable income to the extent that the alternative minimum tax exceeds the Subsidiary’s regular income tax liability. The Subsidiary’s payment of corporate income tax or alternative minimum tax could materially affect the Fund’s return on those investments and reduce the amount of cash available for the Fund to make distributions on the Common Shares. As a regular corporation, the Subsidiary may also be subject to state income tax, franchise tax or foreign tax by reason of its investments in equity securities of MLPs. Distributions out of earnings and profits by the Subsidiary to the Fund will be treated as dividend income to the Fund and taxable as such to Common Shareholders when distributed to them, which dividend income may qualify for the special treatment accorded “qualified dividend income” for individual shareholders and may be eligible for the dividends-received deduction for corporate shareholders. (See “—Taxation of Fund Distributions” below.)

In calculating the Fund’s net asset value in accordance with generally accepted accounting principles, the Fund will account for the deferred tax liability and/or asset balances of the Subsidiary. Deferred income taxes reflect taxes on unrealized gains/(losses) which are attributable to the difference between the fair market value and tax basis of the Subsidiary’s investments and the tax benefit of accumulated net operating losses. The Subsidiary will accrue a net deferred tax liability if the Subsidiary’s future tax liability on the Subsidiary’s unrealized gains exceeds the tax benefit of the Subsidiary’s accumulated net operating losses. The Subsidiary will accrue a net deferred tax asset if the Subsidiary’s future tax liability on its unrealized gains is less than the tax benefit of the Subsidiary’s accumulated net operating losses or if the Subsidiary has net unrealized losses on its investments. Any deferred tax liability will reduce, and any deferred tax asset balance will increase, the Subsidiary’s and therefore the Fund’s net asset value.

To the extent the Subsidiary has a net deferred tax asset; consideration is given as to whether or not a valuation allowance is required. The need to establish a valuation allowance for deferred tax assets is assessed periodically based on the criteria established by accounting standard ASC 740 Income Taxes, formerly known as FAS No. 109, that it is more likely than not that some portion or all of the deferred tax asset will not be realized. In the Subsidiary’s assessment for a valuation allowance, consideration is given to all positive and negative evidence related to the realization of the deferred tax asset. This assessment considers, among other matters, the nature, frequency, and severity of current and cumulative losses, forecasts of future profitability (which are highly dependent on future cash distributions), the duration of statutory carryforward periods and the associated risk that operating loss carryforwards may expire unused.

Recovery of the deferred tax asset depends upon continued payment of the MLP cash distributions at or near current levels in the future and the resultant generation of taxable income. Unexpected significant decreases in MLP cash distributions or significant further declines in the fair value of the Subsidiary’s portfolio of investments may change the Subsidiary’s assessment regarding the recoverability of the deferred tax asset and would likely result in a valuation allowance.

If a valuation allowance is required to reduce the deferred tax asset in the future, it could have a material impact on the Subsidiary’s net asset value and results of operations, and therefore the Fund’s net asset value, in the period it is recorded.

Fund Investments in MLPs and Certain Energy Investments

The Fund’s investments in MLPs and certain Energy Investments may be limited by the Fund’s intention to qualify as a RIC, and may bear on the Fund’s ability to so qualify. If the Fund does not appropriately limit such investments or if such investments are recharacterized for U.S. tax purposes, the Fund’s status as a RIC may be
jeopardized. In addition, while 2004 legislation permits RICs to invest a portion of their assets in interests in MLPs that are QPTPs, the legislative history thereto indicates that Congress did not intend for RICs to become conduits through which U.S. tax-exempt investors and non-U.S. investors could invest in MLPs and avoid “unrelated business taxable income” and “effectively connected income,” respectively. Accordingly, there are limitations at the close of each quarter of its taxable year on the composition of the assets of a RIC that apply to investments in MLPs that are QPTPs. Under these limitations at the close of each quarter of its taxable year, the Fund is permitted to have no more than 25% of the value of its total assets invested in QPTPs. Because of the nature of the Fund’s investment objectives and strategies, including its use of the Subsidiary and leverage, the IRS could argue that the 25% limitation is not satisfied, even though the Fund will limit its investments in MLPs to 25% or less of the value of its total assets. The Fund’s investments in certain Energy Investments may also be limited by the RIC diversification requirement; the treatment of certain Energy Investments for purposes of this test may be unclear, and it is possible that the IRS or a court could recharacterize one or more such investments in a manner bearing adversely on the Fund’s ability to meet this requirement. If the Fund were to fail to qualify as a RIC in any taxable year, and were ineligible to or otherwise did not cure such failure, the Fund would be subject to tax on its taxable income at corporate rates, and all distributions from earnings and profits, including any distributions of net long-term capital gains, would be taxable to shareholders as dividend income.

Master limited partnerships are generally characterized as “publicly traded partnerships” for U.S. federal income tax purposes because master limited partnerships are typically organized as limited partnerships or limited liability companies that are publicly traded within the meaning of Section 7704 of the Code. The Code generally requires all publicly traded partnerships to be treated as corporations for U.S. federal income tax purposes. If, however, a publicly traded partnership derives at least 90% of its gross income from qualifying sources as described in Section 7704 of the Code in a taxable year, the publicly traded partnership will be treated as a partnership for U.S. federal income tax purposes that year. These qualifying sources include interest, dividends, real estate rents, gain from the sale or disposition of real property, income and gain from mineral or natural resources activities, income and gain from the transportation or storage of certain fuels, and, in certain circumstances, income and gain from commodities or futures, forwards and options with respect to commodities. Mineral or natural resources activities include exploration, development, production, processing, mining, refining, marketing and transportation (including pipelines) of oil and gas, minerals, geothermal energy, fertilizer, timber or industrial source carbon dioxide. If any of the master limited partnerships in which the Fund invests were treated as corporations for U.S. federal income tax purposes, such master limited partnership would be required to pay U.S. federal income tax on its taxable income and the after-tax return to the Fund with respect to its investment in such master limited partnership could be significantly reduced.

When the Fund or the Subsidiary invests or is treated as investing in equity securities of an MLP, the Fund or Subsidiary, as applicable, will be a partner in such MLP. Accordingly, the Fund or Subsidiary will be required to include in its taxable income its allocable share of the income, gains, losses and deductions recognized by each such MLP, whether or not the MLP distributes a corresponding amount of cash, although in years in which the MLP constitutes a QTP, only its net income will pass through to the Fund for purposes of the 90% gross income requirement set forth above. A distribution from an MLP is treated as a tax-free return of capital to the extent of the Fund’s or Subsidiary’s tax basis in its MLP interest and as gain from the sale or exchange of the MLP interest to the extent the distribution exceeds the Fund’s or Subsidiary’s tax basis in its MLP interest. If the Fund distributes a portion or all of such excess cash that is not supported by other income of the Fund, the distribution will be treated as a return of capital to Common Shareholders for U.S. federal income tax purposes. Based upon a review of the historic results of the type of MLPs in which the Fund intends to invest, the Fund expects that the cash distributions it will receive with respect its investments in equity securities of MLPs will exceed the taxable income allocated to the Fund from such MLPs because of accelerated deductions available with respect to the activities of such MLPs. No assurance, however, can be given in this regard. If this expectation is not realized, the Fund will have a larger amount of taxable income than expected, which will result greater taxable distributions to Common Shareholders, and the Subsidiary will have a larger corporate income tax expense than expected. Further, because of these accelerated deductions, the Fund will likely realize taxable income in excess of economic gain with respect to interests in such an MLP on the disposition of such interests (or if the Fund does not dispose of the MLP, the Fund will likely realize taxable income in excess of cash flow with respect to
the MLP in a later period), and the Fund must take such income into account in determining whether the Fund has satisfied its distribution requirements. The Fund may have to borrow or liquidate securities to satisfy its distribution requirements, even though investment considerations might otherwise make it undesirable for the Fund to sell securities or borrow money at such time. In addition, any gain recognized, either upon the sale of the a Fund’s MLP interest or sale by the MLP of property held by it, including in excess of economic gain thereon, treated as so-called “recapture income,” will be treated as ordinary income.

Although the master limited partnerships in which the Fund invests are generally expected to be treated as partnerships for U.S. federal income tax purposes, some master limited partnerships may be treated as publicly-traded partnerships treated as corporations or, in certain circumstances, “passive foreign investment companies” for U.S. federal income tax purposes, described below.

For purposes of calculating the Subsidiary’s alternative minimum taxable income, the Subsidiary’s allocable share of certain percentage-depletion deductions and intangible drilling costs of the MLPs in which the Subsidiary invests may be treated as items of tax preference. Such items will increase the Subsidiary’s alternative minimum taxable income and increase the likelihood that the Subsidiary may be subject to the alternative minimum tax.

**Taxation of Fund Investments**

The Fund’s transactions in derivative instruments (e.g., options, futures, forward contracts and swap agreements), as well as any of its hedging, short sale, securities loan or similar transactions, may be subject to one or more special tax rules (e.g., notional principal contract, straddle, constructive sale, wash sale and short sale rules). These rules may affect whether gains and losses recognized by the Fund are treated as ordinary or capital, accelerate the recognition of income or gains to the Fund, defer losses to the Fund, and cause adjustments in the holding periods of the Fund’s securities, thereby affecting whether capital gains and losses are treated as short-term or long-term. These rules could therefore affect the amount, timing and/or character of distributions to shareholders.

Because these and other tax rules applicable to these types of transactions are in some cases uncertain under current law, an adverse determination or future guidance by the IRS with respect to these rules (which determination or guidance could be retroactive) may affect whether the Fund has made sufficient distributions, and otherwise satisfied the relevant requirements, to maintain its qualification as a RIC and avoid a Fund-level tax.

The Fund’s investments in commodity-linked instruments can be limited by the Fund’s intention to qualify as a RIC, and can bear on the Fund’s ability to so qualify. Income and gains from certain commodity-linked instruments does not constitute qualifying income to a RIC for purposes of the 90% gross income test described above. The tax treatment of some other commodity-linked instruments in which the Fund might invest is not certain, in particular with respect to whether income or gains from such instruments constitute qualifying income to a RIC. If the Fund were to treat income or gain from a particular instrument as qualifying income and the income or gain were later determined not to constitute qualifying income and, together with any other nonqualifying income, caused the Fund’s nonqualifying income to exceed 10% of its gross income in any taxable year, the Fund would fail to qualify as a RIC unless it is eligible to and does pay a tax at the Fund level.

The tax rules are uncertain with respect to the treatment of income or gains arising in respect of commodity-linked ETNs and certain commodity-linked structured notes; also, the timing and character of income or gains arising from ETNs can be uncertain. An adverse determination or future guidance by the IRS (which determination or guidance could be retroactive) may affect the Fund’s ability to qualify for treatment as a RIC and to avoid a fund-level tax.

To the extent the Fund invests in commodities-related entities that are partnerships (other than qualified publicly traded partnerships (as defined earlier)), income or other trusts, or other pass-through structures for U.S. federal income tax purposes, including, for instance, certain royalty trusts and certain ETFs (e.g., ETFs investing in gold bullion), all or a portion of any income and gains from such entities could constitute non-qualifying income to the Fund for purposes of the 90% gross income requirement described earlier. Similarly, certain other income trusts in which a Fund may invest could be partnerships or other pass-through structures for U.S. federal income tax purposes, such that, depending on the specific assets held by the income trust, all or a portion of any
income or gains from such investment could constitute non-qualifying income to the Fund. In any such cases, the Fund’s investments in such entities could bear on or be limited by its intention to qualify as a RIC.

The Fund’s transactions in non-U.S. currencies, non-U.S. currency-denominated debt obligations and certain non-U.S. currency options, futures contracts and forward contracts (and similar instruments) may give rise to ordinary income or loss to the extent such income or loss results from fluctuations in the value of the foreign currency concerned.

The Fund’s investment in non-U.S. securities may be subject to withholding and other taxes imposed by countries outside the United States. In that case, the Fund’s yield on those securities would be decreased. Tax conventions between certain countries and the United States may reduce or eliminate such taxes. Common shareholders of the Fund generally will not be entitled to claim a credit or deduction with respect to such taxes.

Equity investments by the Fund in certain “passive foreign investment companies” could subject the Fund to a U.S. federal income tax (including interest charges) on distributions received from the company or on proceeds received from the disposition of shares in the company. The Fund may make certain elections in order to avoid such tax, which may cause the Fund to recognize taxable income without a corresponding receipt of cash. The Fund may be required to liquidate other investments (including when it is not advantageous to do so) to meet its distribution requirements for qualification as a RIC. Because it is not always possible to identify a foreign corporation as a “passive foreign investment company,” the Fund may incur the tax and interest charges described above in some instances.

Some debt obligations acquired by the Fund, including any zero-coupon debt obligations, may be treated as debt obligations that are issued originally at a discount, or, if acquired by the Fund in the secondary market, as having market discount or acquisition discount. Generally, the amount of the original issue discount, market discount, or acquisition discount is treated as interest income and is included in the Fund’s income (and required to be distributed by the Fund) over the term of the debt security, even though payment of that amount is not received until a later time, upon partial or full repayment or disposition of the debt security. In addition, payment-in-kind securities will give rise to income which is required to be distributed and is taxable even though the Fund holding the security receives no interest payment in cash on the security during the year.

**Taxation of Fund Distributions**

Taxes on distributions of capital gains are determined by how long the Fund owned or is considered to have owned the investments that generated them, rather than how long a Common Shareholder has owned Fund shares. Distributions from the sale of investments that the Fund owned for more than one year and that are properly reported by the Fund as capital gain dividends are treated as long-term capital gains includible in a Common Shareholder’s net capital gain and taxed to individuals at reduced rates. Distributions from the sale of investments that the Fund owned for one year or less are taxable to a Common Shareholder as ordinary income.

For taxable years beginning on or after January 1, 2013, Section 1411 of the Code generally imposes a 3.8% Medicare contribution tax on the net investment income of certain individuals whose income exceeds certain threshold amounts, and of certain trusts and estates under similar rules. Net investment income generally includes for this purpose dividends paid by the Fund, including any capital gain dividends but excluding any exempt-interest dividends, and net capital gains recognized on the sale, redemption or exchange of shares of a Fund. Common Shareholders are advised to consult their tax advisors regarding the possible implications of this additional tax on their investment in the Fund.

If a portion of the Fund’s income consists of qualifying dividends paid by U.S. corporations (which will generally include dividends paid to the Fund by the Subsidiary), a portion of the dividends paid by the Fund to corporate shareholders, if properly reported, may qualify for the dividends-received deduction, provided holding period and other requirements are met by both the Fund and the shareholder. In addition, distributions of investment company taxable income reported by the Fund as derived from qualified dividend income will be taxed in the hands of individuals at the rates applicable to net capital gain, provided holding period and other requirements are met by both the Fund and the shareholder. There can be no assurance of what portion, if any, of the Fund’s distributions will be eligible for the dividends-received deduction or qualify as qualified dividend income.
If, in and with respect to any taxable year, the Fund makes a distribution to a shareholder in excess of the Fund’s current and accumulated earnings and profits, the excess distribution will be treated as a return of capital to the extent of such shareholder’s tax basis in its shares, and thereafter as capital gain. A return of capital is not taxable, but it reduces a shareholder’s tax basis in its shares, thus reducing any loss or increasing any gain on a subsequent taxable disposition by the shareholder of its shares.

A shareholder whose distributions are reinvested in Common Shares under the Plan will be treated as having received a dividend equal to either (i) if newly issued Common Shares are issued under the Plan, generally the fair market value of the newly issued Common Shares issued to the shareholder or (ii) if reinvestment is made through open-market purchases under the Plan, the amount of cash allocated to the shareholder for the purchase of Common Shares on its behalf in the open market. See “Dividends and Distributions—Dividend Reinvestment Plan” above. Distributions are taxable as described herein whether shareholders receive them in cash or reinvest them in additional shares.

The tax treatment and characterization of the Fund’s distributions may vary significantly from time to time because of the varied nature of the Fund’s income from its MLP investments and other sources. The tax characterization of the Fund’s distributions made in a taxable year cannot finally be determined until at or after the end of the year.

**Sale or Exchange of Fund Shares**

The sale or other disposition of Common Shares generally will be a taxable transaction for U.S. federal income tax purposes. Selling Common Shareholders generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received in exchange therefor and their respective bases in such Common Shares. If the Common Shares are held as a capital asset, the gain or loss generally will be a capital gain or loss. Similarly, a redemption (including a redemption resulting from liquidation of the Fund), if any, of the Common Shares by the Fund generally will give rise to capital gain or loss if the holder does not own (and is not regarded under certain tax law rules of constructive ownership as owning) any Common Shares in the Fund and provided that the redemption proceeds do not represent declared but unpaid dividends. Generally, a shareholder’s gain or loss will be a long-term gain or loss if the shares have been held for more than one year. However, any loss realized upon a taxable disposition of Common Shares held for six months or less will be treated as a long-term capital loss to the extent of any capital gain dividends received by the holder (or amounts credited to the shareholder as undistributed capital gains) with respect to such shares. Also, any loss realized upon a taxable disposition of Common Shares may be disallowed if other substantially identical shares are acquired (including through the reinvestment of distributions, which could occur, for example, if the Common Shareholder is a participant in the Plan) within a 61-day period beginning 30 days before and ending 30 days after the date the original shares are disposed of. If disallowed, the loss will be reflected by an upward adjustment to the basis of the shares acquired. Capital losses may be subject to other limitations imposed by the Code.

From time to time, the Fund may make a tender offer for its Common Shares. Shareholders who tender all Common Shares held, or considered to be held, by them will be treated as having sold their shares and generally will realize a capital gain or loss. If a shareholder tenders fewer than all of its Common Shares, or fewer than all its tendered shares are accepted for repurchase, such shareholder may be treated as having received a taxable dividend upon the tender of its Common Shares. In such a case, there is a risk that non-tendering shareholders whose interests in the Fund increase as a result of such tender will be treated as having received a taxable distribution from the Fund. The extent of such risk will vary depending upon the particular circumstances of the tender offer, in particular whether such offer is a single and isolated event or is part of a plan for periodically redeeming the Common Shares of the Fund; if isolated, any such risk is likely remote. If the Fund repurchases common shares on the open market, such that a selling shareholder would have no specific knowledge that he or she is selling his or her shares to the Fund, it is less likely that shareholders whose percentage share interests in the Fund increase as a result of any such open-market sale will be treated as having received a taxable distribution from the Fund.
Backup Withholding

The Fund may be required to withhold, for U.S. federal income tax purposes, a portion of all taxable dividends and redemption proceeds payable to Common Shareholders who fail to provide the Fund with their correct taxpayer identification numbers or who otherwise fail to make required certifications, or if the Fund or a shareholder has been notified by the IRS that such shareholder is subject to backup withholding. Corporate shareholders and other shareholders specified in the Code and the Treasury regulations promulgated thereunder are generally exempt from such backup withholding. Backup withholding is not an additional tax. Any amounts withheld will be allowed as a refund or a credit against the shareholder’s U.S. federal income tax liability if the appropriate information is provided to the IRS.

Foreign Shareholders

Absent a specific statutory exemption, dividends other than capital gain dividends, including, without limitation, dividends attributable to gain from the sale of investments in MLPs that is characterized as ordinary income under the Code’s recapture provisions, paid to a shareholder that is not a “U.S. person” within the meaning of the Code (a “foreign shareholder”) are subject to withholding of U.S. federal income tax at a rate of 30% on distributions of investment company taxable income (or lower applicable treaty rate). Capital gain dividends and any amounts retained by the Fund which are designated as undistributed capital gains will not be subject to U.S. tax at the rate of 30% (or lower treaty rate) unless the foreign shareholder is a nonresident alien individual and is physically present in the United States for more than 182 days during the taxable year and meets certain other requirements. However, this 30% tax on capital gains of nonresident alien individuals who are physically present in the United States for more than the 182 day period only applies in exceptional cases because any individual present in the United States for more than 182 days during the taxable year is generally treated as a resident for U.S. income tax purposes; in that case, he or she would be subject to U.S. income tax on his or her worldwide income at the graduated rates applicable to U.S. citizens, rather than the 30% U.S. withholding tax. In the case of a foreign shareholder who is a nonresident alien individual, the Fund may be required to withhold U.S. income tax on distributions of net capital gain unless the foreign shareholder certifies his or her non-U.S. status under penalties of perjury or otherwise establishes an exemption (generally by providing an IRS Form W-8BEN). Effective for taxable years of a RIC beginning before January 1, 2014, the RIC is not required to withhold any amounts with respect to distributions of (i) U.S.-source interest income that would not have been subject to U.S. federal income tax if earned directly by an individual foreign shareholder, and (ii) net short-term capital gains in excess of net long-term capital losses, in each case to the extent the RIC properly reports such distributions in a written notice to shareholders. The exemption from withholding for interest-related and short-term capital gain dividends expires for distributions with respect to taxable years of the RIC beginning on or after January 1, 2014, unless Congress enacts legislation providing otherwise.

If any distributions received by a foreign shareholder from the Fund (or amounts which are designated as undistributed capital gains) are effectively connected to a trade or business within the United States, the rules described in the preceding paragraph would not apply, and such foreign shareholder would generally be taxed on such amounts at the same rates applicable to U.S. shareholder. Also, such distributions (or undistributed capital gains) may be subject to a 30% branch profits tax in the hands of a foreign shareholder that is a corporation.

Very generally, special tax rules apply if the Fund holds or, but for the operation of certain exceptions would be treated as holding, “U.S. real property interests” (“USRPIs”) the fair market value of which equals or exceeds 50% of the sum of the fair market values of the Fund’s USRPIs, interests in real property located outside the United States, and other assets used or held for use in a trade or business. Such rules could result in U.S. tax withholding from certain distributions to a foreign shareholder. Furthermore, the foreign shareholder may be required to file a U.S. tax return and pay tax on such distributions—and, in certain cases, gain realized on sale of Fund shares—at regular U.S. federal income tax rates. For more information, see the SAI.

Other Tax Matters

The “Foreign Account Tax Compliance Act” (“FATCA”) generally requires the Fund to obtain information sufficient to identify the status of each of its shareholders under FATCA. If a shareholder fails to provide this information or otherwise fails to comply with FATCA, the Fund may be required to withhold under FATCA at a
rate of 30% on distributions to that shareholder; depending on the nature of the distribution, such withholding would begin as early as January 1, 2014. For more information, see the SAI.

Special tax rules apply to investments through defined contribution plans and other tax-qualified plans. Common Shareholders should consult their tax advisors to determine the suitability of Common Shares as an investment through such plans and the precise effect of an investment on their particular tax situation. The SAI summarizes further U.S. federal income tax considerations that may apply to the Fund and its shareholders and may qualify the considerations discussed herein. Fund distributions also may be subject to state and local taxes. Investors are advised to consult their own tax advisers with respect to the application to their own circumstances of the above-described general taxation rules and with respect to the state, local, foreign and other tax consequences to them of an investment in the Common Shares and the effects of any proposed tax law changes.

DESCRIPTION OF SHARES

Common Shares

The Fund is authorized to issue 250 million shares of common stock, $.001 par value per share. The Board of Directors, with the approval of a majority of the Directors and without action by the Fund’s shareholders, may amend the Fund’s Articles of Incorporation to increase or decrease the total number of shares of stock of the Fund or the number of shares of any class that the Fund has authority to issue. The Common Shares have no preemptive, conversion, exchange, redemption or appraisal rights. Each share has equal voting, dividend, distribution and liquidation rights. The Common Shares outstanding are, and those offered hereby when issued will be, fully paid and nonassessable. Common Shareholders are entitled to one vote per share. All voting rights for the election of Directors are noncumulative, which means that the holders of more than 50% of the Common Shares can elect 100% of the Directors then nominated for election if they choose to do so and, in such event, the holders of the remaining Common Shares will not be able to elect any Directors. The Fund’s shares have been approved for listing on the NYSE, subject to notice of issuance, under the symbol “MIE.” Under the rules of the NYSE applicable to listed companies, the Fund will be required to hold an annual meeting of shareholders in each year. The foregoing description and the description below under “Certain Provisions of the Articles of Incorporation and By-Laws” are subject to the provisions contained in the Fund’s Articles of Incorporation and By-Laws.

Net asset value will be reduced immediately following the offering by the amount of the sales load and offering expenses paid by the Fund. See “Use of Proceeds.” The Investment Manager has agreed to pay (i) all organizational expenses and (ii) the Fund’s offering expenses (other than sales load) to the extent offering expenses are in excess of $.04 per Common Share. Offering expenses paid by the Fund may include reimbursement to the Investment Manager or its affiliates for expenses incurred in connection with the offering, including compensation to sales personnel. See “Underwriting.”

As of the date of this prospectus, the Investment Manager owned of record and beneficially shares of the Fund’s Common Shares constituting 100% of the outstanding shares of the Fund, and thus, until the public offering of the shares is completed, will control the Fund.

Fund Net Asset Value

The Fund will determine the net asset value of its shares as of the close of trading of the New York Stock Exchange (currently 4:00 p.m. New York time) no less frequently than the last business day of each week and at such other times as the Board of Directors may determine. The Fund intends to make its net asset value available for publication weekly. Net asset value of our Common Shares is computed by dividing the value of all assets of the Fund (including accrued interest and dividends and current and deferred income tax assets), less all liabilities (including accrued expenses, distributions payable, any Borrowings, and liabilities under Reverse Repurchase Agreements) and less the liquidation preference of any outstanding Preferred Shares, by the total number of Common Shares outstanding. Any interest rate swap transaction that the Fund enters into may, depending on the applicable interest rate environment, have a positive or negative value for purposes of calculating net asset value. Any cap transaction that the Fund enters into may, depending on the applicable interest rate environment, have no value or a positive value. In addition, accrued payments to the Fund under such transactions will be assets of the Fund and accrued payments by the Fund will be liabilities of the Fund.
For purposes of determining the net asset value per share of the Fund, readily marketable portfolio securities principally traded on any exchange or similar regulated market reporting contemporaneous transaction prices are valued, except as indicated below, at the last sale price reflected on such principal market on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices on such day, or if no asked price is available, the bid price may be used. If no bid or asked prices are quoted on such day, then the security is valued by such method as the Fund’s Board of Directors shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined as reflected on the tape at the close of the exchange representing the principal market for such securities.

Readily marketable securities traded in the OTC market, including listed securities or assets whose primary market is believed by the Investment Manager to be OTC, are valued at the official closing prices as reported by sources as the Fund’s Board of Directors deem appropriate to reflect their fair market value. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices on such day, or if no asked price is available, at the bid price. However, certain fixed-income securities may be valued on the basis of prices provided by a pricing service when such prices are believed by the Investment Manager, pursuant to a delegation by the Board of Directors, to reflect the fair market value of such securities. In addition, certain swap agreements may be valued on the basis of the prices of the underlying reference assets.

Securities or assets for which market prices are unavailable, or for which the Investment Manager determines that bid and/or ask price or a counterparty valuation does not reflect market value, will be valued at fair value pursuant to procedures approved by the Fund’s Board of Directors. Circumstances in which market prices may be unavailable include, but are not limited to, when trading in a security or asset is suspended, the exchange on which the security or asset is traded is subject to an unscheduled close or disruption or material events occur after the close of the exchange on which the security or asset is principally traded. In these circumstances, the Fund determines fair value in a manner that fairly reflects the market value of the security or asset on the valuation date based on consideration of any information or factors it deems appropriate. These may include, but are not limited to, recent transactions in comparable securities or assets, information relating to the specific security or asset and developments in the markets.

The Fund’s use of fair value pricing may cause the net asset value of the Fund’s Common Shares to differ from the net asset value that would be calculated using market quotations. Fair value pricing involves subjective judgments and it is possible that the fair value determined for a security may be materially different than the value that could be realized upon the sale of that security.

Short-term debt securities, which have a maturity date of 60 days or less, are valued at amortized cost, which approximates value. Investments in open-end mutual funds are valued at their closing net asset value.

Because the Fund may hold securities that are primarily listed on foreign exchanges that trade on weekends or days when the Fund does not price its shares, the value of securities held in the Fund may change on days when you will not be able to purchase or sell Fund shares on the New York Stock Exchange.

Because the Subsidiary is a corporation that is obligated to pay income taxes, the Subsidiary accrues income tax liabilities and assets. As with any other asset or liability, the Subsidiary’s tax assets and liabilities increase or decrease the Subsidiary’s (and in turn the Fund’s) net asset value.

The Subsidiary intends to invest its assets primarily in MLPs. As a limited partner in the MLPs, the Subsidiary includes its allocable share of the MLP’s taxable income or loss in computing the Subsidiary’s taxable income or loss.

Deferred income taxes reflect taxes on unrealized gains/(losses), which are attributable to the difference between the fair market value and tax basis of the Subsidiary’s investments and the tax benefit of accumulated net operating losses. The Subsidiary will accrue a net deferred tax liability if the Subsidiary’s future tax liability on the Subsidiary’s unrealized gains exceeds the tax benefit of the Subsidiary’s accumulated net operating losses. The Subsidiary will accrue a net deferred tax asset if the Subsidiary’s future tax liability on its unrealized gains is less than the tax benefit of the Subsidiary’s accumulated net operating losses or if the Subsidiary has net unrealized losses on its investments.
To the extent the Subsidiary has a net deferred tax asset, consideration is given as to whether or not a valuation allowance is required. The need to establish a valuation allowance for deferred tax assets is assessed periodically based on the criteria established by accounting standard ASC 740 Income Taxes, formerly known as FAS No. 109, that it is more likely than not that some portion or all of the deferred tax asset will not be realized. In the Subsidiary’s assessment for a valuation allowance, consideration is given to all positive and negative evidence related to the realization of the deferred tax asset. This assessment considers, among other matters, the nature, frequency, and severity of current and cumulative losses, forecasts of future profitability (which are highly dependent on future cash distributions), the duration of statutory carryforward periods and the associated risk that operating loss carryforwards may expire unused.

Recovery of the deferred tax asset depends upon continued payment of the MLP cash distributions at or near current levels in the future and the resultant generation of taxable income. Unexpected significant decreases in MLP cash distributions or significant further declines in the fair value of the Subsidiary’s portfolio of investments may change the Subsidiary’s (and in turn the Fund’s) assessment regarding the recoverability of the deferred tax asset and would likely result in a valuation allowance.

If a valuation allowance is required to reduce the deferred tax asset in the future, it could have a material impact on the Subsidiary’s (and in turn the Fund’s) net asset value and results of operations in the period it is recorded or adjusted.

Preferred Shares

The Fund’s Articles of Incorporation authorize the Board of Directors, without approval of the Fund’s Common Shareholders, to classify any unissued shares of the Fund’s common stock into Preferred Shares, par value $.001 per share, in one or more classes or series, with rights as determined by the Board of Directors. The Fund has no current intention to issue Preferred Shares.

Limited Issuance of Preferred Shares and Borrowings

Under the 1940 Act, the Fund could issue Preferred Shares with an aggregate liquidation preference of up to one-half of the value of the Fund’s Managed Assets less liabilities other than Borrowings, measured immediately after issuance of the Preferred Shares. “Liquidation preference” means the original purchase price of the shares being liquidated plus any accrued and unpaid dividends. In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Common Shares unless the liquidation preference of the Preferred Shares is less than one-half of the value of the Fund’s assets less liabilities other than Borrowings (determined after deducting the amount of such dividend or distribution) immediately after the distribution. Under the requirements of the 1940 Act, the Fund, immediately after any Borrowings, must have an asset coverage of at least 300%. With respect to such Borrowings, asset coverage means the ratio which the value of the assets of the Fund, less liabilities other than Borrowings, bears to the aggregate amount of such Borrowings represented by senior securities issued by the Fund. Certain types of Borrowings may result in the Fund being subject to covenants in credit agreements relating to asset coverage or portfolio composition or otherwise.

The Fund may use leverage in an amount up to 33 1/3% of its Managed Assets through the use of Borrowings, and may use leverage in an amount up to the maximum extent permitted by the 1940 Act through the issuance of Preferred Shares. The Fund also could enter into Reverse Repurchase Agreements for leverage. The Fund may purchase or redeem any Preferred Shares and/or reduce outstanding Borrowings if necessary to maintain required asset coverage.

In addition, the Fund may be subject to certain restrictions imposed by guidelines of one or more NRSROs which may issue ratings for Preferred Shares, if any, or commercial paper or notes issued by the Fund. Such restrictions may be more stringent than those imposed by the 1940 Act.

Distribution Preference. Preferred Shares, if any, would have complete priority over the Fund’s Common Shares. Currently, the Fund has no intention to issue Preferred Shares.

Liquidation Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Fund, holders of Preferred Shares, if any, will be entitled to receive a preferential liquidating
distribution (expected to equal the original purchase price per share plus accumulated and unpaid dividends thereon, whether or not earned or declared) before any distribution of assets is made to Common Shareholders.

**Voting Rights.** Preferred Shares are required to be voting shares and to have equal voting rights with Common Shares. Except as otherwise indicated in this prospectus or the SAI and except as otherwise required by applicable law, holders of Preferred Shares will vote together with Common Shareholders as a single class.

Holders of Preferred Shares, voting as a separate class, will be entitled to elect two of the Fund’s Directors. The remaining Directors will be elected by Common Shareholders and holders of Preferred Shares, voting together as a single class. In the unlikely event that two full years of accrued dividends are unpaid on the Preferred Shares, the holders of all outstanding Preferred Shares, voting as a separate class, will be entitled to elect a majority of the Fund’s Directors until all dividends in arrears have been paid or declared and set apart for payment. In order for the Fund to take certain actions or enter into certain transactions, a separate class vote of holders of Preferred Shares will be required, in addition to the combined single class vote of the holders of Preferred Shares and Common Shares.

**Redemption, Purchase and Sale of Preferred Shares.** The terms of the Preferred Shares may provide that they are redeemable at certain times, in whole or in part, at the original purchase price per share plus accumulated dividends. The terms may also state that the Fund may tender for or purchase Preferred Shares and resell any shares so tendered. Any redemption or purchase of Preferred Shares by the Fund will reduce the leverage applicable to Common Shares, while any resale of shares by the Fund will increase such leverage. See “Use of Leverage.”

The discussion above describes the Board of Directors’ present intention with respect to a possible offering of Preferred Shares. If the Board of Directors determines to authorize such an offering, the terms of the Preferred Shares may be the same as, or different from, the terms described above, subject to applicable law and the Fund’s Articles of Incorporation. The Fund has no current intention to issue Preferred Shares.

**CERTAIN PROVISIONS OF THE ARTICLES OF INCORPORATION AND BY-LAWS**

The Fund has provisions in its Articles of Incorporation and By-Laws that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund, to cause it to engage in certain transactions or to modify its structure. Commencing with the first annual meeting of shareholders, and if at such time, the number of Directors shall be three (3) or more, the Board of Directors will be divided into three classes, having initial terms of one, two and three years, respectively. At the annual meeting of shareholders in each year thereafter, the term of one class will expire and Directors will be elected to serve in that class for terms of three years. This provision could delay for up to two years the replacement of a majority of the Board of Directors. A Director may be removed from office only for cause and only by a vote of the holders of at least 75% of the outstanding shares of the Fund entitled to vote on the matter.

The affirmative vote of at least 75% of the entire Board of Directors is required to authorize the conversion of the Fund from a closed-end to an open-end fund. Such conversion also requires the affirmative vote of the holders of at least 75% of the votes entitled to be cast thereon by the Common Shareholders unless it is approved by a vote of at least 75% of the Continuing Directors (as defined below), in which event such conversion requires the approval of the holders of a majority of the votes entitled to be cast thereon by the shareholders of the Fund.

A “Continuing Director” is any member of the Board of Directors of the Fund who (i) is not a person or affiliate of a person who enters or proposes to enter into a Business Combination (as defined below) with the Fund (an “Interested Party”) and (ii) who has been a member of the Board of Directors of the Fund for a period of at least 12 months, or has been a member of the Board of Directors since the Fund’s initial public offering of Common Shares, or is a successor of a Continuing Director who is unaffiliated with an Interested Party and is recommended to succeed a Continuing Director by a majority of the Continuing Directors then on the Board of Directors of the Fund. The affirmative vote of at least 75% of the votes entitled to be cast thereon by shareholders of the Fund will be required to amend the Articles of Incorporation to change any of the provisions in this paragraph and the preceding paragraph.
The affirmative votes of at least 75% of the entire Board of Directors and the holders of at least (i) 80%
of the votes entitled to be cast thereon by the shareholders of the Fund and (ii) in the case of a Business
Combination (as defined below), 66 2/3 % of the votes entitled to be cast thereon by the shareholders of the
Fund other than votes held by an Interested Party who is (or whose affiliate is) a party to a Business Combination
or an affiliate or associate of the Interested Party, are required to authorize any of the following transactions:

(i) merger, consolidation or statutory share exchange of the Fund with or into any other entity;

(ii) issuance or transfer by the Fund (in one or a series of transactions in any 12-month period) of
any securities of the Fund to any person or entity for cash, securities or other property (or combination
thereof) having an aggregate fair market value of $1,000,000 or more, excluding (a) issuances or transfers
of debt securities of the Fund, (b) sales of securities of the Fund in connection with a public offering,
(c) issuances of securities of the Fund pursuant to a dividend reinvestment plan adopted by the Fund,
(d) issuances of securities of the Fund upon the exercise of any stock subscription rights distributed by the
Fund and (e) portfolio transactions effected by the Fund in the ordinary course of business;

(iii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition by the Fund (in one
or a series of transactions in any 12 month period) to or with any person or entity of any assets of the
Fund having an aggregate fair market value of $1,000,000 or more except for portfolio transactions
(including pledges of portfolio securities in connection with Borrowings) effected by the Fund in the
ordinary course of its business (transactions within clauses (i) and (ii) and this clause (iii) above being
known individually as a “Business Combination”);

(iv) any voluntary liquidation or dissolution of the Fund or an amendment to the Fund’s Articles
of Incorporation to terminate the Fund’s existence; or

(v) any shareholder proposal as to specific investment decisions made or to be made with respect
to the Fund’s assets as to which shareholder approval is required under Federal or Maryland law.

However, the shareholder vote described above will not be required with respect to the foregoing
transactions (other than those set forth in (v) above) if they are approved by a vote of at least 75% of the
Continuing Directors (as defined above). In that case, if Maryland law requires shareholder approval, the
affirmative vote of a majority of votes entitled to be cast thereon shall be required and if Maryland law does not
require shareholder approval, no shareholder approval will be required. The Fund’s By-Laws contain provisions
the effect of which is to prevent matters, including nominations of Directors, from being considered at a
shareholders’ meeting where the Fund has not received notice of the matters. To be timely, a shareholder’s notice
shall set forth all information required under the By-Laws and shall be delivered to the secretary at the principal
executive office of the Fund not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th
day prior to the first anniversary of the date of mailing of the notice for the preceding year’s annual meeting;
provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30
days from the first anniversary of the date of the preceding year’s annual meeting (or in the case of the first
annual meeting after the Fund’s initial public offering), notice by the shareholder to be timely must be so
delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m.,
Eastern Time, on the later of the 120th day prior to the date of such annual meeting or the tenth day following the
day on which public announcement of the date of such meeting is first made.

The Board of Directors has determined that the foregoing voting requirements, which are generally
greater than the minimum requirements under Maryland law and the 1940 Act, are in the best interest of the
Fund’s shareholders generally.

Reference is made to the Articles of Incorporation and By-Laws of the Fund, on file with the Securities
and Exchange Commission, for the full text of these provisions. These provisions could have the effect of
depriving shareholders of an opportunity to sell their shares at a premium over prevailing market prices by
discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. On
the other hand, these provisions may require persons seeking control of a Fund to negotiate with its management
regarding the price to be paid for the shares required to obtain such control, they promote continuity and stability
and they enhance the Fund’s ability to pursue long-term strategies that are consistent with its investment objective.
**UNDERWRITING**

Subject to the terms and conditions stated in the underwriting agreement dated March 25, 2013, each underwriter named below, for which Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as representative, has severally agreed to purchase, and the Fund has agreed to sell to such underwriter, the number of Common Shares set forth opposite the name of such underwriter.

<table>
<thead>
<tr>
<th>Underwriter</th>
<th>Number of Common Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merrill Lynch, Pierce, Fenner &amp; Smith Inc.</td>
<td>17,928,000</td>
</tr>
<tr>
<td>Deutsche Bank Securities Inc.</td>
<td>1,975,000</td>
</tr>
<tr>
<td>RBC Capital Markets, LLC</td>
<td>1,985,000</td>
</tr>
<tr>
<td>Robert W. Baird &amp; Co. Incorporated</td>
<td>80,000</td>
</tr>
<tr>
<td>BB&amp;T Capital Markets, a division of BB&amp;T Securities, LLC</td>
<td>104,000</td>
</tr>
<tr>
<td>J.J.B. Hilliard, W.L. Lyons, LLC</td>
<td>95,000</td>
</tr>
<tr>
<td>Janney Montgomery Scott LLC</td>
<td>208,000</td>
</tr>
<tr>
<td>Ladenburg Thalman &amp; Co. Inc.</td>
<td>125,000</td>
</tr>
<tr>
<td>Maxim Group LLC</td>
<td>15,000</td>
</tr>
<tr>
<td>Pershing LLC</td>
<td>170,000</td>
</tr>
<tr>
<td>Sterne, Agee &amp; Leach, Inc.</td>
<td>540,000</td>
</tr>
<tr>
<td>Wedbush Securities Inc.</td>
<td>80,000</td>
</tr>
<tr>
<td>Wunderlich Securities, Inc.</td>
<td>43,000</td>
</tr>
<tr>
<td>Aegis Capital Corp.</td>
<td>6,000</td>
</tr>
<tr>
<td>Crowell, Weedon &amp; Co.</td>
<td>75,000</td>
</tr>
<tr>
<td>D.A. Davidson &amp; Co.</td>
<td>165,000</td>
</tr>
<tr>
<td>DIRECT ACCESS PARTNERS LLC</td>
<td>40,000</td>
</tr>
<tr>
<td>E*TRADE Securities LLC</td>
<td>60,000</td>
</tr>
<tr>
<td>Feltl &amp; Company</td>
<td>24,000</td>
</tr>
<tr>
<td>Gilford Securities Incorporated</td>
<td>5,000</td>
</tr>
<tr>
<td>Joseph Gunnar &amp; Co., LLC</td>
<td>10,000</td>
</tr>
<tr>
<td>Wayne Hummer Investments L.L.C.</td>
<td>9,000</td>
</tr>
<tr>
<td>Huntleigh Securities Corporation</td>
<td>9,000</td>
</tr>
<tr>
<td>National Securities Corporation</td>
<td>80,000</td>
</tr>
<tr>
<td>David A. Noyes &amp; Company</td>
<td>105,000</td>
</tr>
<tr>
<td>Source Capital Group, Inc.</td>
<td>30,000</td>
</tr>
<tr>
<td>J.P. Turner &amp; Company, L.L.C.</td>
<td>17,000</td>
</tr>
<tr>
<td>Westminster Financial Securities, Inc.</td>
<td>17,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24,000,000</strong></td>
</tr>
</tbody>
</table>

The underwriting agreement provides that the obligations of the underwriters to purchase the Common Shares included in this offering are subject to approval of certain legal matters by counsel and certain other conditions. The underwriters are obligated, severally and not jointly, to purchase all the Common Shares sold under the underwriting agreement if any of the Common Shares are purchased.

In the underwriting agreement, the Fund and the Investment Manager have agreed to jointly and severally indemnify the underwriters against certain liabilities, including liabilities arising under the Securities Act or to contribute to payments the underwriters may be required to make for any of these liabilities.

**Commissions and Discounts**

The underwriters propose to initially offer some of the Common Shares directly to the public at the public offering price set forth on the cover page of this prospectus and some of the Common Shares to certain dealers at the public offering price less a concession not in excess of $.60 per Common Share. The sales load investors in
the Fund will pay of $.90 per Common Share is equal to 4.50% of the initial offering price. After the initial public offering, the public offering price, concession and discount may be changed. Investors must pay for any Common Shares purchased on or before March 28, 2013.

The following table shows the public offering price, sales load, estimated offering expenses and proceeds, after expenses, to the Fund. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional Common Shares.

<table>
<thead>
<tr>
<th></th>
<th>Per Share</th>
<th>Without Option</th>
<th>With Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public offering price</td>
<td>$20.00</td>
<td>$480,000,000</td>
<td>$552,000,000</td>
</tr>
<tr>
<td>Sales load</td>
<td>$.90</td>
<td>$21,600,000</td>
<td>$24,840,000</td>
</tr>
<tr>
<td>Estimated offering expenses</td>
<td>$.04</td>
<td>$960,000</td>
<td>$1,104,000</td>
</tr>
<tr>
<td>Proceeds, after expenses, to Fund</td>
<td>$19.06</td>
<td>$457,440,000</td>
<td>$526,056,000</td>
</tr>
</tbody>
</table>

The expenses of the offering payable by the Fund are estimated at $.04 per Common Share. Offering expenses paid by the Fund may include reimbursement to the Investment Manager or its affiliates for expenses incurred in connection with the offering. The Investment Manager has agreed to pay (i) all organizational expenses and (ii) offering expenses of the Fund (other than sales load) to the extent offering expenses are in excess of $.04 per Common Share.

**Option to Purchase Additional Common Shares**

The Fund has granted the underwriters an option to purchase up to 3,600,000 additional Common Shares at the public offering price, less the sales load, within 45 days from the date of this prospectus. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional Common Shares proportionate to that underwriter’s initial amount set forth in the preceding table.

**Price Stabilization, Short Positions and Penalty Bids**

Until the distribution of the Common Shares is complete, SEC rules may limit underwriters and selling group members from bidding for and purchasing Common Shares. However, the representative may engage in transactions that stabilize the price of the Common Shares, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the Common Shares in connection with the offering (i.e., if they sell more Common Shares than are listed on the cover of this prospectus), the representative may reduce that short position by purchasing Common Shares in the open market. The representative may also elect to reduce any short position by exercising all or part of the option to purchase additional Common Shares described above. The underwriters may also impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers in respect of Common Shares sold in this offering for their account may be reclaimed by the syndicate if such Common Shares are repurchased by the syndicate in stabilizing or covering transactions. Purchases of the Common Shares to stabilize their price or to reduce a short position may cause the price of the Common Shares to be higher than it might be in the absence of such purchases.

Neither the Fund nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transaction described above may have on the price of the Common Shares. In addition, neither the Fund nor any of the underwriters makes any representation that the representative will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

The Fund has agreed not to offer or sell any additional Common Shares for a period of 180 days after the date of the underwriting agreement without the prior written consent of the underwriters, except for the sale of the Common Shares to the underwriters pursuant to the underwriting agreement.

The Fund anticipates that the underwriters may from time to time act as brokers or dealers in executing the Fund’s portfolio transactions after they have ceased to be underwriters, and may also act as placement agent for issuers whose securities the Fund purchases in direct placement transactions. The underwriters are active underwriters of, and dealers in, securities and act as market makers in a number of such securities, and therefore
can be expected to engage in portfolio transactions with the Fund. One or more of the underwriters of the
Common Shares also may act as an underwriter of the Fund’s Preferred Shares, if any.

The Common Shares will be sold to ensure that NYSE distribution standards (i.e., round lots, public shares
and aggregate market value) will be met.

Other Relationships

The Investment Manager (and not the Fund) has agreed to pay Merrill Lynch, Pierce, Fenner & Smith
Incorporated from its own assets, a structuring fee for advice relating to the structure, design and organization of
the Fund as well as services related to the sale and distribution of the Common Shares in an amount equal to
1.25% of the total price to the public of the Common Shares sold in this offering. The total amount of this
structuring fee payment to Merrill Lynch, Pierce, Fenner & Smith Incorporated will not exceed 1.25% of the total
price to the public of the Common Shares sold in this offering.

The Investment Manager (and not the Fund) has agreed to pay each of RBC Capital Markets, LLC and
Deutsche Bank Securities Inc. from its own assets, a structuring fee for advice relating to the structure, design
and organization of the Fund as well as services related to the sale and distribution of the Common Shares in the
amounts of $565,000 and $558,847.25, respectively. If the option to purchase additional Common Shares is not
exercised, the structuring fee paid to RBC Capital Markets, LLC and Deutsche Bank Securities Inc. will not
exceed .1177% and .1164%, respectively, of the total price to the public of the Common Shares sold in this
offering.

The Investment Manager (and not the Fund) has agreed to pay Sterne, Agee & Leach, Inc. from its own
assets, a sales incentive fee related to the sale and distribution of the Common Shares in an amount of
$61,648.50. If the option to purchase additional Common Shares is not exercised, the sales incentive fee paid to
Sterne, Agee & Leach, Inc. will not exceed .0128% of the total price to the public of the Common Shares sold in this
offering.

As part of the Fund’s payment of the Fund’s offering expenses, the Fund has agreed to pay expenses related
to the filing fees and disbursements of counsel to the underwriters, in an amount not to exceed $20,000 in the
aggregate, in connection with the review by the Financial Industry Regulatory Authority, Inc. of the terms of the
sale of the Common Shares.

The sum total of all compensation to the underwriters in connection with this offering of the Common Shares
will not exceed in the aggregate 6.0011% of the total price to the public of the Common Shares sold in this offering.

Certain of the underwriters also have engaged in, and may in the future engage in, investment banking and
other commercial dealings in the ordinary course of business with affiliates of the Fund, including the Investment
Manager.

The Fund anticipates that certain underwriters may from time to time act as brokers or dealers in connection
with the execution of the Fund’s portfolio transactions after they have ceased to be underwriters and, subject to
certain restrictions, may act as brokers while they are underwriters.

The principal business address of Merrill Lynch, Pierce, Fenner & Smith Incorporated is One Bryant Park,
New York, New York 10036.

CUSTODIAN, TRANSFER AGENT, DIVIDEND DISBURSING AGENT AND REGISTRAR

U.S. Bank National Association, whose principal business address is 1555 N. Rivercenter Drive,
Milwaukee, Wisconsin 53212, has been retained to act as custodian for the Fund and the Subsidiary, and
Computershare Shareholder Services LLC, whose principal business address is 480 Washington Boulevard,
Jersey City, New Jersey 07310, has been retained to serve as the Fund’s transfer and dividend disbursing agent
and registrar.

Neither U.S. Bank National Association nor Computershare Shareholder Services LLC has any part in
deciding the Fund’s investment policies or which securities are to be purchased or sold for the Fund’s portfolio.
REPORTS TO SHAREHOLDERS

The Fund will send unaudited semi-annual and audited annual reports (when available) to its shareholders, including a list of investments held.

VALIDITY OF THE COMMON SHARES

The validity of the Common Shares offered hereby is being passed on for the Fund by Venable LLP (with respect to matters pertaining to Maryland Law) and Ropes & Gray LLP, New York, New York, and certain other legal matters will be passed on for the underwriters by Clifford Chance US LLP. Ropes & Gray LLP and Clifford Chance US LLP may rely as to certain matters of Maryland law on the opinion of Venable LLP.
# Table of Contents

- **General Information** .............................................................. 3
- **Glossary of Key Terms** .......................................................... 3
- **Investment Objective and Policies** ............................................. 3
- **Use of Leverage** .................................................................... 21
- **Investment Restrictions** ......................................................... 24
- **Management of the Fund** ....................................................... 24
- **Principal Shareholders** ........................................................... 28
- **Investment Management and Other Services** ........................... 28
- **Custodian and Transfer and Dividend Disbursing Agent** .......... 30
- **Code of Ethics** ..................................................................... 30
- **Proxy Voting** ....................................................................... 31
- **Portfolio Transactions and Brokerage** .................................... 31
- **Determination of Net Asset Value** ......................................... 31
- **Repurchase of Shares** ............................................................ 33
- **Taxation** ........................................................................... 33
- **Counsel and Independent Registered Public Accounting Firm** .... 45
- **Statement of Assets and Liabilities** ........................................ 47
- **Appendix A: Proxy Voting Procedures and Guidelines** .......... A-1
- **Appendix B: Ratings of Investments** ....................................... B-1
- **Appendix C: Privacy Policy** .................................................. C-1
Until April 19, 2013 (25 days after the date of this prospectus), all dealers that buy, sell or trade the Common Shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers’ obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

COHEN & STEERS

24,000,000 Shares

Cohen & Steers MLP Income and Energy Opportunity Fund, Inc.

Common Shares $20.00 per Share

PROSPECTUS

BofA Merrill Lynch
Deutsche Bank Securities
RBC Capital Markets
Baird
BB&T Capital Markets
J.J.B. Hilliard, W.L. Lyons, LLC
Janney Montgomery Scott
Ladenburg Thalmann & Co. Inc.
Maxim Group LLC
Pershing LLC
Sterne Agee
Wedbush Securities Inc.
Wunderlich Securities

March 25, 2013