MAINGATE
MLP FUND

APRIL 19, 2016

# MLP UPDATE

FIRST QUARTER 2016

**There are occasional times when sentiment and technical factors seem to, virtually alone, drive a group down to extreme valuations and fewer still when long-term fundamental prospects are also strong. So we believe it is currently with midstream MLPs, where we perceive an exceptional risk/reward ratio.**

We are constantly asked the question of "when is the entry point" and we will do our best to demonstrate, throughout this quarter's letter, our belief that we are at that point. We are unabashedly bullish and we anticipate significant, long-term midstream MLP appreciation. Our near-term confidence is also reasonably high given what we view as the unusually favorable risk/reward ratio[1], which is not even remotely being discounted in our opinion, particularly among well-positioned companies. We say this recognizing the hazards of short-term forecasting, and the just completed and seemingly dysfunctional Doha[2] meeting, with its unpredictable implications.

Paradoxically, it seems the more that MLPs have fallen, the more wary Wall Street and certain investors have become, as they have focused on uncertainties that we believe are transitory and more than fully discounted in share prices in any case. The market has correlated[3] MLP prices with the price of oil, similar to what it did once before in 2008, as the oil price this cycle declined from $95 to $26 over the past 18 months and now sits at the $40 level, even though the long-term correlation of MLP share price movement to oil prices has been in the low 40%-range. We believe we are positioned for a trajectory similar to the long term history of MLPs rather than the more recent short term.

It is factual that a declining MLP price level for any reason, or no reason, significantly raises the cost of capital[4] for the large bulk of MLPs and the current decline has delayed investment in many growth projects, even those currently needed to move crude, natural gas and natural gas liquids (NGLs) to market. However, the key point, as we see it, is that because of technological advances, particularly in horizontal drilling and hydraulic fracturing, massive quantities of natural gas, ethane, propane and butane, plus oil at modestly higher prices, are now economic in the U.S. and extremely competitive on a world-wide basis. The United States has likely become the most secure, low-cost major supplier of incremental quantities of all these energy products in the world, and a major

(1) Risk/Reward Ratio: Compares the expected returns of an investment to the amount of risk undertaken to capture these returns. Calculated by dividing the amount of potential loss (i.e. the risk) by the amount of potential profit (i.e. the reward).
(2) Doha: The Doha Development Round or Doha Development Agenda (DDA) is the current trade-negotiation round of the World Trade Organization (WTO).
(3) Correlation: The measure of the relationship between two data sets of variables.
(4) Cost of Capital: The cost of funds used for financing a business.

## FUND PERFORMANCE

**A Shares – AMLPX (as of 3/31/16)**

| | | |
|---|---|---|
| **NAV per Share** | | $8.07 |
| **POP per Share** | | $8.56 |
| **Returns:** | **Without Load** | **With Load** |
| **3 Month** | -6.95% | -12.29% |
| **Calendar YTD** | -6.95% | -12.29% |
| **1 Year** | -33.31% | -37.17% |
| **3 Year** | -6.80% | -8.63% |
| **Since Inception (2/17/11)** | 1.08% | -0.08% |

**C Shares – MLCPX (as of 3/31/16)**

| | | |
|---|---|---|
| **NAV/POP per Share** | | $8.03 |
| **Returns:** | **Without Load** | **With Load** |
| **3 Month** | -7.09% | -8.00% |
| **Calendar YTD** | -7.09% | -8.00% |
| **1 Year** | -33.79% | -34.41% |
| **3 Year** | N/A | N/A |
| **Since Inception (3/31/14)** | -17.01% | -17.01% |

**I Shares – IMLPX (as of 3/31/16)**

| | |
|---|---|
| **NAV per Share** | $8.20 |
| **Returns:** | |
| **3 Month** | -6.85% |
| **Calendar YTD** | -6.85% |
| **1 Year** | -33.13% |
| **3 Year** | -6.54% |
| **Since Inception (2/17/11)** | 1.35% |

*Gross Expense Ratio A Shares = 1.66% | Net Expense Ratio = 1.66%*
*Gross Expense Ratio C Shares = 2.41% | Net Expense Ratio = 2.41%*
*Gross Expense Ratio I Shares = 1.41% | Net Expense Ratio = 1.41%*

*Net expense ratios above reflect a 0.00% Deferred Income Tax Expense which represents the performance impact of accrued deferred tax liabilities across the Fund, not individual share classes, for the fiscal year ended November 30, 2015 (the Fund did not have a current tax expense or benefit due to a valuation allowance).*

*The Fund's adviser has contractually agreed to cap the Fund's total annual operating expenses (excluding brokerage fees and commissions; borrowing costs; taxes, such as Deferred Income Tax Expense; Class A 12b-1 fees; and extraordinary expenses) at 1.50% through March 31, 2017. Deferred income tax expense/(benefit) represents an estimate of the Fund's potential tax expense/(benefit) if it were to recognize the unrealized gains/(losses) in the portfolio. An estimate of deferred income tax expense/(benefit) depends upon the Fund's net investment income/(loss) and realized and unrealized gains/(losses) on its portfolio, which may vary greatly on a daily, monthly and annual basis depending on the nature of the Fund's investments and their performance. An estimate of deferred income tax expenses/(benefit) cannot be reliably predicted from year to year.*

*The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. To obtain performance data current to the most recent month-end please call 855.MLP.FUND (855.657.3863). Performance data shown for Class A shares with load reflects the maximum sales charge of 5.75%. Performance data shown for Class C shares with load reflects the maximum deferred sales charge of 1.00%. Performance data shown for Class I shares does not reflect the deduction of a sales load or fee. If reflected, the load or fee would reduce the performance quoted.*

one at that. At sub-$60 crude prices, and quite possibly even at lower prices, and current prices of natural gas and NGLs, the U.S. can and likely will significantly increase production when producers elsewhere in the world cannot.

For these reasons, U.S. and foreign chemical companies seem to have declared the U.S. to be the best place to invest to convert our massive quantities of ethane and propane into chemical products to satisfy worldwide requirements with the tally for investments made or to be made across the chemicals industry tabulated at $164bn[5]. We believe that estimates of growth in investment by chemical companies, electric utilities, refineries and other energy intensive industries are undiminished or continuing to grow, implying rising growth prospects for many years into the future for many midstream MLPs which are positioned to move the large bulk of these energy products from the various basins where they are produced to where the consumption will take place. It's worth noting that the Interstate Natural Gas Association of America (INGAA)[6] recently updated its projection of forecasted midstream capital expenditures at $546bn through 2035, or $27bn per year, which we believe continues to paint a quite healthy environment for spending and cash flow[7] growth over the long term.

## A number of concerns have dominated the conversation over the past 18 months and weighed heavily, and in our opinion, much too heavily on MLP prices.

A number of issues in addition to the oil price, but in most cases related to arguably temporary weaker energy prices, appear to have distracted investors from the potentially excellent long-term prospects of midstream MLPs. In our view, the two biggest issues have been counter party risk (which we will address in a later section) and concerns about access to capital, both of which have combined to weigh heavily on perceptions and valuation. We by no means are dismissing these concerns, but rather believe that they need to be placed in the context of market cycles and current valuation.

Many midstream MLPs have significantly reduced their capital spending on new projects because their higher current cost of capital does not justify certain projects, projects are not currently required, and/or customers in some cases are not willing or able to put their balance sheets at risk to back projects even though they know these projects are required in the not distant future. This has created a lower amount of total dollars spent in the development of infrastructure projects at many MLPs pending more affordable capital and higher energy prices. We feel that higher prices appear inevitable, particularly for oil and NGLs, which could facilitate incremental drilling and lead to higher volumes and

## Morningstar Ratings

★★★★

Class I Shares – 4-star Overall

★★★★

Class A Shares, Load Waived – 4-star Overall

★★★

Class A Shares – 3-star Overall

☆☆☆

Class C Shares, Extended Performance Rating – 3-star Overall

Each class rated among 58 Energy Limited Partnership funds based on risk-adjusted performance ending 3/31/16.

(5) American Chemistry Council: The American Chemistry Council, formerly known as the Manufacturing Chemists' Association and then as the Chemical Manufacturers' Association, is an industry trade association for American chemical companies, based in Washington, D.C.
(6) Interstate Natural Gas Association of America (INGAA): A trade organization that advocates regulatory and legislative positions of importance to the natural gas pipeline industry in North America.
(7) Cash Flow: A measurement of the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

Morningstar Proprietary Ratings reflect risk-adjusted performance as of 3/31/16. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ (based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, including the effects of sales charges, loads, and redemption fees, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Fund's I Shares received 4 stars, A Shares with Load Waived received 4 stars, A Shares received 3 stars, and C Shares received 3 stars, each for the three-year time period ended 3/31/16 among 58 Energy Limited Partnership Funds. The load-waived rating should only be considered by investors who are not subject to a sales load. Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in distribution percentage. Morningstar ratings represented as unshaded stars are based on extended performance. These extended performance ratings are based on the historical adjusted returns prior to the inception date of the Class C shares (Class C inception was 3/31/14) and reflect the historical performance of the oldest share class (inception date for Class I and A was 2/17/11), adjusted to reflect the fees and expenses of the Class C shares. The Overall Morningstar Rating applies to the share classes noted herein and does not apply to other share classes of the Fund. **Past performance is no guarantee of future performance.**

profits similar to past cycles. It is important to emphasize that many midstream MLPs and, we believe, all of the names in which we are invested, have strong balance sheets, with access to adequate capital to finance growth projects in process, and most have also appropriately sized capital spending such that they can manage until the market environment improves.

## We feel that Wall Street and investors have focused on risks and current weak oil and MLP prices while virtually ignoring the strong future prospects.

It is our view that Wall Street analysts focus on near-term risks and rewards and do not have the luxury of emphasizing the long-term prospects in periods where the downside has been protracted. During the current cycle, as with 2008, consideration about future prospects and opportunities can be pushed to or even off the back burner. Wall Street analysts seem to continue to generally advise that investors adopt a "defensive posture" and to publish price targets not much higher than current trading levels using excessively high discount rates, distribution cuts forecasted but not communicated, implausibly lower growth rates or pulling whatever lever necessary to follow the lower prices. We are bewildered by so many of these modest one-year price targets, which have seemingly no consideration for what recovery price levels might be at some point, be it one year or two years from now. This is not to say that we are getting aggressive in our portfolio positioning. We continue to not seek commodity price exposure or relax other standards in the hope of a price rebound. However, we are optimistic, as we see the inevitable rebalancing of energy markets ahead and what that would do for volumes across our Fund's companies' assets. We fondly recall prior energy cycles and that stock prices frequently appear to move higher before such a balance is achieved.

To summarize our investment thoughts in this section, we pose several rhetorical questions to those who align with our long term thinking:

1) When several categories of near-term risk, all tied to the transitory weak energy prices, seem to dominate the discussion, when these risks appear to be more than discounted in share prices and when seemingly few are thinking about the state of future prospects, what should investors with more than a three-month time horizon do?

2) When most appear to believe that oil will be sub $50 or sub $60 for the very long term, with futures at sub $51 per barrel through 2020 and with many energy producers outside the U.S. not competitive with the U.S. and only able to produce incremental energy products at significantly higher prices, how should an investor consider investing in U.S. energy?

3) When it seems that analysts continually say to remain "defensive" as the known near term worries are played out in the headlines, and long-term potential upside is visible, what should an investor do?

4) When it seems that analysts are hesitant to recommend midstream MLPs and when they carry price targets that are barely higher than current prices, even after a 50% decline, what should an investor do? Aren't these same analysts likely to chase the rally when it comes, raising ratings and price targets as the group moves up?

5) When valuations appear to be as attractive as they have ever been, balance sheets seem strong at many midstream MLPs and future prospects appear positive, what should investors do?

## In our view, here is the problem and potential solution in a nutshell; we believe it isn't a question of <u>if</u> this works out, but <u>when</u>.

Oil prices began to decline beginning in mid-2014 as Saudi Arabia and OPEC[8] over-pumped oil, creating a surplus in response to the rapid rise in U.S. oil (mostly shale) production from 5 to 9.6 million barrels per day (MMbbl/d) over a 7 year period. The U.S. rig count and drilling for oil and natural gas have been slashed over the past 18 months as energy producers seem to have worked to live within their plummeting cash flow (the same rules of economics don't generally apply to government-controlled energy producers). We believe that Saudi Arabia's overt goal, and the Saudi's have been calling the shots in this market, apparently was to force the U.S. to decrease oil production for the long-term. They indicated a willingness to accept a reduced price to maintain market share. However, the Saudis admit to miscalculating how low cost the U.S. can be in producing oil and the price decline appears to have surprised the Saudis and OPEC. They seem not to have appreciated how much technology has reduced the cost of oil production in the United States.

The U.S. has become one of the marginal suppliers of oil on the down side of the market as only a relative handful of countries seem to pay attention to the laws of econom-

(8) OPEC (Organization of the Petroleum Exporting Countries): An international organization and economic cartel whose mission is to coordinate the policies of the oil-producing countries. The goal is to secure a steady income to the member states and to collude in influencing world oil prices through economic means.

ics and are reducing production while other countries have long lead projects that have been unaffected by short-term price movement. However, and importantly, in our opinion the U.S. seems likely to be the marginal supplier of oil on the upside of the cycle after markets balance because few countries can significantly increase production as can U.S. producers, particularly given our onshore strength and shorter lead times. It may take producers a period of time to fix their balance sheets and bring back rigs, but oil production appears destined to recover in the U.S. and rise to substantially higher levels than the 9.6 MMbbl/d of a year ago. We do not disagree with the EIA[9] which expects the 9 MMbbl/d of production to rise to 12+ MMbbl/d after the current decline bottoms out at about 8.5 MMbbl/d. In the meantime, OPEC suppliers and other government-run oil industries appear to be working to maintain production in order to maximize export-supported hard currency revenues, seemingly ignoring the logic that when so many countries increase their production, the revenue to each actually declines. With none of OPEC, Russia and certain other foreign producers willing to reduce production and Saudi Arabia and Iraq significantly increasing production, prices kept falling until they hit the mid $20 per barrel range.

Falling cash flows at U.S. oil and gas producers as a result of the lower energy prices have led to reduced drilling, reduced production and still weaker cash flow, along with credit issues as their proved and probable reserves are valued by the banks at lower levels, impacting their ability to borrow. When and how does this credit cycle reverse? Credit profiles of U.S. oil and gas producers have been heavily pressured over the past year on the weak energy prices, which have remained severely depressed for longer than many thought likely. We, and seemingly many others, believed a year ago that the oil markets would be in balance by now. However, the actions of Saudi Arabia and Iraq, counter-intuitively, increasing production this past year by about 1.5 MMbbl/d even as prices kept weakening, combined with Iranian sanctions being lifted has created greater downside price volatility than we expected. This production increase is only modestly below the 1.8 MMbbl/d one-year consumption increase estimated by the IEA[10], and the current surplus of oil production over consumption remains about the same 1.5 MMbbl/d a year ago. So, when might the markets balance and when might energy prices and company cash flows recover?

The IEA forecasts a 1.2 MMbbl/d demand increase for oil in 2016, with most of this increase coming from China, India and the rest of Asia. The IEA further estimates that U.S. production will fall by 530,000 bbl/d and that total non-OPEC production will decline by 750,000 bbl/d. With Iran's production increase estimated at 500,000 bbl/d, if they can find customers for this oil, and the unpredictability of what Saudi Arabia might do in raising or not raising production, the oil markets would appear to be balanced by early 2017. These forecasts are presented with the caveat that OPEC can change their production policies up or down, though we'd point out there is currently very little spare and non-producing capacity within OPEC, quite dissimilar to the late 1980s when OPEC had much greater control of the market.

## Counterparty risk does exist as producers suffer from reduced revenues. We believe that risk at well-positioned midstream companies is modest and quite manageable, plus more than discounted in share price.

We feel that diminished cash flows at U.S. oil and gas producers have translated into a disaster for the drilling and oil service companies. The impact on midstream MLPs' cash flow has been much more modest, as many MLPs have limited or no exposure, direct or indirect, to the commodity price or volumes. As a reminder, the majority of midstream MLP cash flow is weighted towards demand customers. Where there is exposure to production, many companies have fixed-fee contracts from investment grade companies and others have minimum volume guarantees from financially strong counterparties (Minimum Volume Commitments from financially weak customers provide little comfort). It's also worth noting that 77% of production in the U.S. is investment grade-rated on a volumetric basis (Source: Goldman Sachs, S&P) and many of the non-investment grade drillers are in locations which possess strong cost advantages. These points provide both strong credit and cost structure support for midstream assets exposed to producer activities where midstream economics rely less on fee-based revenues.

As we have emphasized in our past quarterly letters, we have long focused our search for companies with the lowest possible commodity exposure. Some of the companies in our model portfolio have minimal commodity exposure and we believe will continue to grow nicely in 2016. However, there

(9) Energy Information Administration (EIA): The EIA collects, analyzes, and disseminates independent and impartial energy information to promote sound policymaking, efficient markets, and public understanding of energy and its interaction with the economy and the environment.

(10) International Energy Agency (IEA): The IEA is an autonomous organization which works to ensure reliable, affordable and clean energy for its 29 member countries and beyond. The IEA's four main areas of focus are: energy security, economic development, environmental awareness, and engagement worldwide.

has been significant publicity of late about E&P[11] companies which are struggling to reduce their costs in the current environment. Many have approached their midstream service providers, asking for relief on gathering, processing and other costs. We are aware of a number of situations where midstream companies have in fact renegotiated contracts, reducing rates over the next couple of years and yet receiving higher rates or greater volume guarantees in future years. These trade-offs have frequently been described as "net present value (NPV) positive" on the contracts.

Approximately 50 small E&P companies have filed for bankruptcy, a number which appears likely to grow. However, these companies only represent about 1% of U.S. oil and gas production, and even in bankruptcy volumes continue to flow, generating revenue for midstream providers.

There has been concern that rates charged by midstream companies would be challenged and reduced. The recent Sabine Oil decision granted the rejection of Sabine's midstream contracts but the decision was non-binding, and remanded to Texas from Pennsylvania. Numerous legal opinions have weighed in, saying that this decision, even if upheld, is not a precedent, as every contract is unique. However, there could be more publicity on this risk to midstream MLPs in future months and some revenue streams may in fact be reduced.

A more important case regarding the topic of rejection that we were following was between Quicksilver Resources Inc. and Crestwood Equity Partners LP (CEQP, $12.65) which could've had broader implications for future contracts in bankruptcy. However, the parties involved, including the purchaser of Quicksilver's assets, were able to reach a new agreement without forcing a judge's decision, highlighting our belief that the process of seeking rejection should be potentially viewed more as a negotiating tactic than a zero sum outcome.

MLP management teams, and particularly those we are invested in, have long been on top of their credit issues, as we know from having made this a major topic of conversation over the past year (and always had counterparty risk as an important part of our analysis in earlier years as well). Risks appear to be realistically included in current company guidance and we believe that these risks are being unfairly discounted in current unit and share prices.

## How do we summarize these many issues for investors?

The most common questions we receive are whether we've seen the bottom in oil and MLP prices and when we will likely see the recovery and growth realizations that we confidently predict for our companies. The simple answer is that we don't know and no one can know. No one can predict future actions of a few governments in the Middle East which control much of the world's supply of oil, how that affects the price of oil, and how that affects the sentiment for investing in MLPs. However, their control of world oil markets has diminished and we believe that we are currently moving toward the equilibrium we addressed earlier that could occur over the coming year.

Separately, there are other segments of the commodity picture in the U.S. which have also suffered along with oil and where there appear to be new visibility to a recovery. Liquefied petroleum gas (LPG) export capacity has been recently added in the U.S., facilitating the export of excess propane and butane, which has been overhanging the market. January exports of LPG exceeded one million bbl/d (EIA), with 866,000 bbl/d of propane and propylene exported, helping to balance the market and pointing to potentially higher prices. Ethane exports commenced from the East Coast in the first quarter and are also commencing from the Gulf Coast in the second half of 2016. Combined with the numerous chemical plants at advanced stages of construction along the Gulf coast, we anticipate increased demand domestically and internationally driving a higher price for ethane. This could be a big boost to revenues for producers and midstream companies. A number of ethylene crackers alone should be completed over the next several years and consume some 500,000 bbl/d of ethane, currently being left in the natural gas stream in pipelines.

The demand for U.S. natural gas appears nearly insatiable in future years as natural gas replaces the numerous coal-fired electric generation plants scheduled for shutdown, the growing demand for electricity in the U.S. and for export in the form of liquefied natural gas (LNG). There has been little or no slowdown in projects moving natural gas and NGLs to market, with most of these projects backed by investment grade electric utilities. This growth trend appears highly likely to continue, with hundreds of billions of dollars required to complete all of the energy infrastructure projects that are estimated to be needed.

Perhaps our key point is that we believe that the macro environment is quite strong in the not too distant future and many midstream MLPs, and we believe all that we own, are positioned with strong balance sheets to manage through this current challenging period and then potentially benefit when the recovery comes.

(11) Exploration & Production (E&P): The finding, augmenting, producing and merchandising of different types of oil and gas.

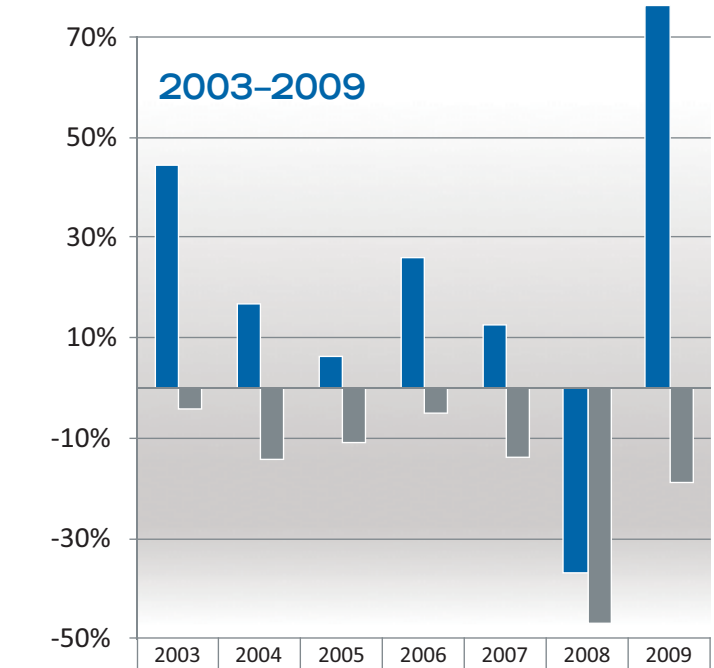
**We remain optimistic and close with our thanks to our investors for their confidence in us and their incredible patience during this long down cycle.**

We will close with the thought that we believe there are early shoots of a recovery now, and ask our investors to join our bullish outlook before the preponderance of other investors see the opportunities as we see them and value MLPs accordingly. We have not reproduced in this investor letter our previously published valuation charts, but if you'd like to see the updated presentation please reach out to your Chickasaw representative and they can forward the latest information to you. These charts continue to point to valuation that is among the most attractive we have seen in the history of midstream MLPs, supported by what we see as strong balance sheets and future prospects that are better than ever before. The following tables of previous corrections and the amount of recovery that followed should at least allow investors to wonder if history might rhyme.

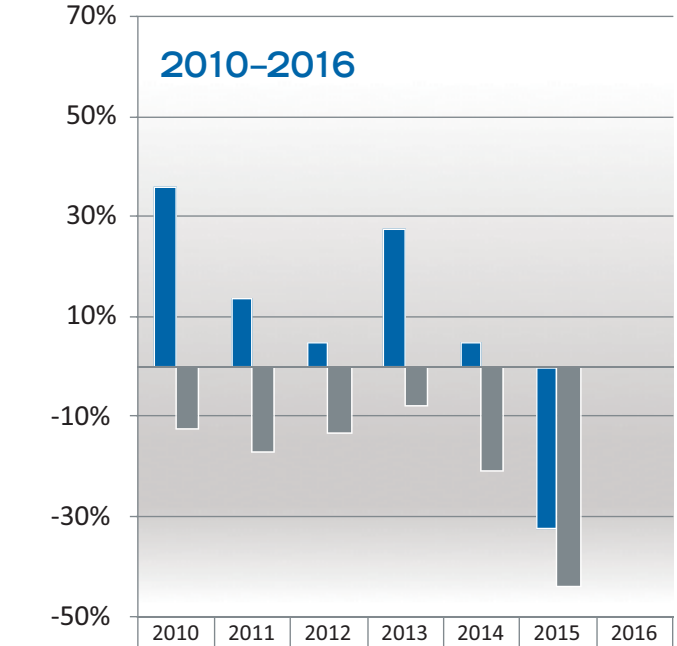
Even though we have always communicated that we are total return investors, we can't allow investors to ignore that our portfolio yield alone should give them plenty of reason to be patient. We are confident that distribution and dividend cuts are quite unlikely at any of the companies in our Fund. Consensus distribution and dividend growth estimates for our portfolio in 2016 remain in the low to mid-teens with actual distributable cash flow (from which distributions are paid) growing at an even faster rate. There has never been a downturn for MLPs as deep or long as the current one. We are confident in our long-term expectations and believe that the wait for the turnaround may not be long. We thank our investors for their patience and confidence in our stewardship of their capital.

## Alerian MLP Total Return Index (AMZX) Returns vs. Drawdown

Source: Bloomberg L.P. and Chickasaw Capital Management




| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|---|---|
| Return | 44.5% | 16.7% | 6.3% | 26.1% | 12.7% | -36.9% | 76.4% |
| Drawdown | -4.2% | -14.3% | -10.8% | -4.9% | -13.9% | -47.0% | -18.9% |




| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|
| Return | 35.9% | 13.9% | 4.8% | 27.6% | 4.8% | -32.6% | ??? |
| Drawdown | -12.2% | -17.1% | -13.2% | -7.7% | -20.9% | -43.8% | ??? |

David Fleischer, CFA  Geoffrey Mavar  Matt Mead  Robert Walker

Alerian MLP Index: A capitalization-weighted index of the 50 most prominent energy Master Limited Partnerships. Visit http://www.alerian.com/indices/amz-index for more information, including performance. You cannot invest directly in an index.

References to market or composite indices, benchmarks or other measures of relative market performance over a specified period of time (each, an "index") are provided for your information only. References to an index does not imply that the portfolio will achieve returns, volatility or other results similar to the index. The composition of the index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change over time. It is not possible to invest directly in an index.

***Earnings Growth is not a measure of the Fund's future performance.***

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MAINGATE
MLP FUND

| | |
|---|---|
| **Net Assets (as of 3/31/16)** | $1,224,264,703 |
| **Investment Style** | MLP Total Return |

**A Shares: General Information**

| | |
|---|---|
| **Ticker** | AMLPX |
| **CUSIP** | 560599102 |
| **Minimum Initial Investment** | $2,500 |
| **Number of Holdings** | 20-30 |
| **Maximum Front-End Load** | 5.75% |
| **Redemption Fee** | NONE |
| **Management Fee** | 1.25% |
| **12b-1 Fee** | 0.25% |
| **Contingent Deferred Sales Charge** | NONE |
| **Expense Ratio before Deferred Taxes** *(after fee waivers/reimbursements)*[1] | 1.66% |
| **Deferred Income Tax Expense**[2] | 0.00% |
| **Gross Expense Ratio** | 1.66% |

**C Shares: General Information**

| | |
|---|---|
| **Ticker** | MLCPX |
| **CUSIP** | 560599300 |
| **Minimum Initial Investment** | $2,500 |
| **Number of Holdings** | 20-30 |
| **Maximum Front-End Load** | NONE |
| **Redemption Fee** | NONE |
| **Management Fee** | 1.25% |
| **12b-1 Fee** | 1.00% |
| **Contingent Deferred Sales Charge** | 1.00% |
| **Expense Ratio before Deferred Taxes** *(after fee waivers/reimbursements)*[1] | 2.41% |
| **Deferred Income Tax Expense**[2] | 0.00% |
| **Gross Expense Ratio** | 2.41% |

**I Shares: General Information**

| | |
|---|---|
| **Ticker** | IMLPX |
| **CUSIP** | 560599201 |
| **Minimum Initial Investment** | $1,000,000 |
| **Number of Holdings** | 20-30 |
| **Maximum Front-End Load** | NONE |
| **Redemption Fee** | NONE |
| **Management Fee** | 1.25% |
| **12b-1 Fee** | NONE |
| **Contingent Deferred Sales Charge** | NONE |
| **Expense Ratio before Deferred Taxes** *(after fee waivers/reimbursements)*[1] | 1.41% |
| **Deferred Income Tax Expense**[2] | 0.00% |
| **Gross Expense Ratio** | 1.41% |

| **Top 10 Holdings (as of 3/31/16)** | **% of Fund** |
|---|---|
| **Shell Midstream Partners, LP** | 10.14% |
| **Targa Resources Corp.** | 9.52% |
| **Enterprise Products Partners, LP** | 8.33% |
| **Magellan Midstream Partners, LP** | 8.26% |
| **Sunoco Logistics Partners, LP** | 7.53% |
| **Genesis Energy, LP** | 5.55% |
| **Buckeye Partners, LP** | 4.75% |
| **Plains GP Holdings, LP** | 4.66% |
| **Western Gas Equity Partners, LP** | 4.63% |
| **Plains All American Pipeline, LP** | 4.36% |

| **Top Sectors (as of 3/31/16)** | **% of Fund** |
|---|---|
| **Crude/Refined Prod. Pipe/Storage** | 52.95% |
| **Natural Gas Pipe/Storage** | 29.28% |
| **Natural Gas Gather/Process** | 17.77% |

*Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security.*

| | |
|---|---|
| **Last Quarterly Distribution (1/27/16)** | $0.1575 |

**Performance: A Shares (as of 3/31/16)**

| | | |
|---|---|---|
| **NAV per Share** | | $8.07 |
| **POP per Share** | | $8.56 |
| **Returns:** | **Without Load** | **With Load** |
| **3 Month** | -6.95% | -12.29% |
| **Calendar YTD** | -6.95% | -12.29% |
| **1 Year** | -33.31% | -37.17% |
| **3 Year** | -6.80% | -8.63% |
| **Since Inception (2/17/11)** | 1.08% | -0.08% |

**Performance: C Shares (as of 3/31/16)**

| | | |
|---|---|---|
| **NAV/POP per Share** | | $8.03 |
| **Returns:** | **Without Load** | **With Load** |
| **3 Month** | -7.09% | -8.00% |
| **Calendar YTD** | -7.09% | -8.00% |
| **1 Year** | -33.79% | -34.41% |
| **3 Year** | N/A | N/A |
| **Since Inception (3/31/14)** | -17.01% | -17.01% |

**Performance: I Shares (as of 3/31/16)**

| | |
|---|---|
| **NAV per Share** | $8.20 |
| **Returns:** | |
| **3 Month** | -6.85% |
| **Calendar YTD** | -6.85% |
| **1 Year** | -33.13% |
| **3 Year** | -6.54% |
| **Since Inception (2/17/11)** | 1.35% |

*The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. To obtain performance data current to the most recent month-end please call 855.MLP.FUND (855.657.3863). Performance data shown for Class A shares with load reflects the maximum sales charge of 5.75%. Performance data shown for Class C shares with load reflects the maximum deferred sales charge of 1.00%. Performance data shown for Class I shares does not reflect the deduction of a sales load or fee. If reflected, the load or fee would reduce the performance quoted.*

**The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 855.MLP.FUND (855.657.3863). Read it carefully before investing.**

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.



## INVESTMENT ADVISOR

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## PORTFOLIO MANAGERS

| | |
|---|---|
| Geoffrey P. Mavar | Principal |
| Matthew G. Mead | Principal |
| David N. Fleischer, CFA | Principal |

*Mutual fund investing involves risk. Principal loss is possible. The Fund is nondiversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund will invest in Master Limited Partnerships (MLPs) which concentrate investments in the natural resource sector and are subject to the risks of energy prices and demand and the volatility of commodity investments. Damage to facilities and infrastructure of MLPs may significantly affect the value of an investment and may incur environmental costs and liabilities due to the nature of their business. MLPs are subject to significant regulation and may be adversely affected by changes in the regulatory environment. Investments in smaller companies involve additional risks, such as limited liquidity and greater volatility. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. MLPs are subject to certain risks inherent in the structure of MLPs, including complex tax structure risks, limited ability for election or removal of management, limited voting rights, potential dependence on parent companies or sponsors for revenues to satisfy obligations, and potential conflicts of interest between partners, members and affiliates. When the Fund invests in MLPs that operate energy-related businesses, its return on investment will be highly dependent on energy prices, which can be highly volatile.*

*An investment in the Fund does not receive the same tax advantages as a direct investment in the MLP. The Fund is treated as a regular corporation or "C" corporation and is therefore subject to U.S. federal income tax on its taxable income at rates applicable to corporations (currently at a maximum rate of 35%) as well as state and local income taxes. MLP Funds accrue deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments. This deferred tax liability is reflected in the daily NAV and as a result the MLP Fund's after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked. The potential tax benefits from investing in MLPs depend on them being treated as partnerships for federal income tax purposes. If the MLP is deemed to be a corporation then its income would be subject to federal taxation, reducing the amount of cash available for distribution to the Fund which could result in a reduction of the Fund's value.*

*[1] The Fund's adviser has contractually agreed to cap the Fund's total annual operating expenses (excluding brokerage fees and commissions; borrowing costs; taxes, such as Deferred Income Tax Expense; acquired fund fees and expenses; 12b-1 fees; and extraordinary expenses) at 1.50% of the average daily net assets of each class through March 31, 2017, subject to possible recoupment by the adviser within three years from the date of reimbursement to the extent that recoupment would not cause the Fund to exceed the expense cap. The Board of Trustees has sole authority to terminate the expense cap prior to its expiration and to approve recoupment payments.*

*[2] The Fund's accrued deferred tax liability is reflected in its net asset value per share on a daily basis. Deferred income tax expense/(benefit) represents an estimate of the Fund's potential tax expense/(benefit) if it were to recognize the unrealized gains/(losses) in the portfolio. An estimate of deferred income tax expense/(benefit) depends upon the Fund's net investment income/(loss) and realized and unrealized gains/(losses) on its portfolio, which may vary greatly on a daily, monthly and annual basis depending on the nature of the Fund's investments and their performance. An estimate of deferred income tax expenses/(benefit) cannot be reliably predicted from year to year. The 0.00% deferred tax expense represents the performance impact of accrued deferred tax liabilities across the Fund, not individual share classes, for the fiscal year ended November 30, 2015 (the Fund did not have a current tax expense or benefit due to a valuation allowance). Total annual Fund operating expenses before deferred taxes (after fee waivers/reimbursements) were 1.66% for Class A shares, 2.41% for Class C shares, 1.41% for Class I shares.*