MAINGATE
MLP FUND

OCTOBER 21, 2013

MLP UPDATE

THIRD QUARTER 2013

Summer concerns about rising interest rates turned into Fall worries about the debt ceiling and government appropriations. The debate should predictably return to U.S. growth prospects. Master Limited Partnerships (MLPs) may be a viable option, amidst all these issues.

The Congressional debates of recent weeks will likely become distant memories and may not have major impact on the financial markets, as it appears little real damage has been done to the U.S. economy. The discussion will more than likely return to interest rates and economic prospects. Although we don't pretend to be able to better forecast interest rates than others, it does appear logical to us that rates should remain historically low and may rise only modestly, if there is continued economic malaise and the expected appointment of Janet Yellen as Chair of the Federal Reserve. What we do know is that the markets, including MLPs, have gyrated significantly — more down than up for MLPs this past summer — on interest rate questions and concerns about the debt ceiling and budget.

What we also know is that the economies of the world remain quite weak and prospects for strengthening appear modest or even unlikely. Western Europe may or may not be crawling out of recession. Japan may finally be in a modest period of growth. Brazil, India and Russia are all struggling to generate acceptable growth and are not the BRIC countries of old. Even China is not the growth engine of the past, as growth fueled by exports has declined and consumption growth with in China has not been impressive. Who can China incrementally export to? This may remain a world of low growth, with adequate or excess supplies of commodities and therefore could lower inflation for a number of years. It may also be world where it is difficult to find good investments.

> "[MLPs] no longer exist and prosper simply because of the tax advantages they were granted. Rather, we feel they are the preferred energy logistics companies for producers and customers alike because of the expertise they have created, the high level of service and their cost competitiveness."

The Federal Reserve reduced its 2013 Gross Domestic Product (GDP[1]) forecast for the U.S. last month to a 2.0% to 2.3% range. The Federal Reserve (Fed) remains somewhat more optimistic about growth in 2014, estimating 2.9% to 3.1% in

(1) Gross Domestic Product (GDP): The monetary value of all goods and services produced within a country's borders in a specific time period (typically one year).

FUND FACTS as of 9/30/13

Investment Style		MLP Total Return
General Information	**A Shares**	**I Shares**
Ticker	AMLPX	IMLPX
CUSIP	560599102	560599201
Minimum Investment	$2,500	$1,000,000
Number of Holdings	20-30	20-30
Maximum Load	5.75%	NONE
Management Fee	1.25%	1.25%
Redemption Fee	NONE	NONE
12b-1 Fee	0.25%	NONE
Gross Expense Ratio	8.17%	7.92%
Net Expense Ratio	1.75%	1.50%

*(excluding 6.01% Deferred Income Tax Expense)**

**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, 2014. 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 6.01% deferred tax expense represents the performance impact of accrued deferred tax liabilities for the fiscal year ended November 30, 2012.*

Top 10 Holdings (as of 9/30/13)	% of Fund
Enterprise Products Partners, LP	8.87%
Plains All American Pipeline, LP	8.75%
Crosstex Energy, Inc.	6.90%
Genesis Energy, LP	6.45%
Buckeye Partners, LP	6.15%
Oiltanking Partners, LP	5.34%
Western Gas Equity Partners, LP	5.29%
Energy Transfer Equity, LP	5.24%
Targa Resources Corp.	5.23%
Magellan Midstream Partners, LP	5.15%

Top Sectors (as of 9/30/13)	% of Fund
Crude/Refined Prod. Pipeline & Storage	43.30%
Natural Gas Pipeline & Storage	35.16%
Natural Gas Gathering/Processing	21.54%

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

Performance: A Shares (as of 9/30/13)		
NAV per Share		$11.58
POP per Share		$12.29
Returns:	Without Load	With Load
3 Month	0.07%	-5.72%
1 Year	16.05%	9.42%
Since Inception (02/17/11)	11.34%	8.85%

Performance: I Shares (as of 9/30/13)	
NAV per Share	$11.67
Returns:	
3 Month	0.15%
1 Year	16.36%
Since Inception (02/17/11)	11.65%

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 reflects the Class A maximum sales charge of 5.75%. Performance data shown for the 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.

2014. Clearly, the Fed is concerned about the ability of our economy to sustain reasonable growth and we might well be 'surprised' with an potentially extended period of low interest rates and continued monetary stimulus, as our economy has regularly fallen short of Fed expectations. The good news is that inflation remains low because of excess capacity in our economy. It would appear logical that housing, housing prices, automobile production and oil & gas production increases and investment should continue to lend strength to an otherwise sluggish economy. However, it may take a lot more than these sectors to generate more rapid growth, and with high un- and under-employment, little wage growth, the uncertainties of the Affordable Care Act and other regulations, we may have to 'settle' for a long period of modest GDP growth. Federal Reserve data did show a $1.3 trillion Q2 increase in household wealth to $74.8 trillion. Some half of this gain came from housing price increases (up 12% over the past year according to Case-Shiller[2] data) with most of the rest from stock market gains. This continued wealth impact in housing over the past two years gives us increased confidence in the ability of the U.S. to grow, if only at below historic recovery levels, and to possibly perform better than almost all developed countries. An optimist might say that there are few visible excesses in the U.S. economy and we might well be positioned for a potentially long period of this modest growth.

MLPs may benefit from this low growth world, even if interest rates rise or energy production continues to grow, which may create potential opportunities for many participants.

The good news is that MLPs may experience good or even strong growth in this slow growth world. According to the Energy Information Agency (EIA), U.S. oil production, which was 5 mm bbls/d (million barrels per day) in 2008, has hit 7.6 mm bbls/d in August, as the Eagle Ford shale, Bakken and Permian plays are producing significant incremental quantities of oil. EIA reports natural gas production was only 19 Trillion Cubic Feet (TCF) in 2005, but has climbed to a current 26 TCF rate. Natural gas liquids production (predominantly ethane, propane and butane) has similarly climbed sharply with the rise in natural gas production and the shift in production to the liquids-rich plays of the Eagle Ford and Marcellus fields. These are substantial increases, and yet perhaps only the beginning of what might be. The EIA forecasts that the current 7.6 mm bbls/d of oil production could rise to nearly 10mm bbls/d by 2020. Natural gas production appears limited only by demand, and it appears that low cost and clean natural gas may continue to substitute for coal, nuclear and oil in our economy, even as energy consumption barely grows or shows no growth at all. Incremental hundreds of thousands of bbls/d of U.S. propane production are now being exported in a trend likely to continue. Potentially, 400,000 to 500,000 bbls/d of future ethane production (on top of the current 1 mm bbl/d of current U.S. consumption) appears destined for a number of new ethylene crackers announced by a chemical companies such as Dow, Formosa, Exxon, CP Chemical and others.

The potential also exists to export large quantities of liquefied natural gas (LNG) through terminals which were originally built to import natural gas when it was believed that the U.S. was running out of economic quantities of natural gas. Although risk remains in these projects as government approvals are still required, the mere thought of major natural gas exports is truly ironic given past history and concerns about the U.S. becoming dependent on foreign sources of energy. Japanese, Korean, French, British and other companies are now tripping over each other to buy LNG from the U.S. and to invest the capital to convert these terminals for export purposes. The world is hungry to diversify their natural gas supply from the Middle East, and our current $3.75 per 1000 cubic feet (mcf) gas at the wellhead looks awfully attractive where LNG delivered to Asia is currently priced at $15 to $20 per mcf. Perhaps the final and key point of all this energy supply background is that U.S. production of oil, natural gas and natural gas liquids (NGLs) is quite cost competitive on a world-wide basis and in the absence of a total collapse of the world price of oil, is highly likely to be produced. The U.S. is likely to continue to back out oil imports and become a larger exporter of the other energy products.

MLPs currently provide the large share of gathering, processing and transportation services in all the major shale plays plus fractionation and storage service further downstream.

We are of the opinion that MLPs are at the center of the energy production boom, providing the wide range of midstream services in all of the emerging shale plays. They no longer exist and prosper simply because of the tax advantages they were granted. Rather, we feel they are the preferred ener-

(1) The S&P/Case-Shiller Home Price Indices: A leading measure for the US residential housing market, tracking changes in the value of residential real estate both nationally as well as in 20 metropolitan regions.

gy logistics companies for producers and customers alike because of the expertise they have created, the high level of service and their cost competitiveness. Should energy production volumes continue to increase, midstream MLPs are the likely companies to gather, process, transport, fractionate and store the products before delivery to final customers. Many, but not all MLPs have developed significant operational advantages and now have major cost advantages, both from aggregating supplies from multiple producers and in their cost of capital. They have first mover advantage in the new shale basins, as demonstrated by large acreage dedications and long-term pipeline contracts signed. Some MLPs are currently signing long-term contracts to provide the broad range of logistical services for oil, gas and NGL producers; the large proportion of this business in the most productive basins are being captured by MLPs.

Too good to be true? What can go wrong, especially as valuations have moved higher?

Many investors have watched from the sidelines as MLPs, as measured by the Alerian MLP Index[3], have experienced strong returns both recently and over the long-term, and are asking the hard questions about whether MLPs may currently be discounting future growth and what risks may short circuit the excellent growth story that we and others believe could exist for a number of years. MLPs, as a group, do appear to be 12-13% more richly priced than historic levels using price to EBITDA[4] on a 10 year and 5 year basis, respectively (Source: Wells Fargo, *MLP Monthly: October 2013*), and their yields are lower than they have historically been, too. However, the visibility to sustained growth has never been better and we continue to believe that select MLPs are quite attractive because of what in our opinion are their strong market positions, stable base cash flows[5], excellent potential long-term growth profiles and attractive long-term total return prospects.

Our optimism notwithstanding, there are an increasing number of MLPs that do not fit the profile that we have outlined. The MLP space is defined by companies with qualifying assets and many recent IPOs have been for companies with significant commodity price sensitivity, volatile cash flow[5] streams or with what we consider lower quality assets. It is becoming increasingly difficult for investors to identify the highest quality companies and then to evaluate which companies are attractively priced. Many Exploration & Production, coal, shipping and propane companies do not appear to us to have significant competitive advantages. Investors appear to own them for their higher yields, seemingly valuing them aggressively and misunderstanding their risks. We generally prefer midstream MLPs with more stable tariff-based revenues. We believe that the broad themes of shale development and oil and NGL logistics should continue to be important ones over at least the next decade. However, only five years ago, many thought that the Barnett and Haynesville shale plays were likely to be long-term winners. Then the Eagle Ford and Marcellus were developed with much greater quantities of NGLs. Finding costs in these two new shale plays were much lower and production has shifted, leaving those with their investment dollars in the Barnett and Haynesville at competitive disadvantages to those in the latter two.

Interest rate risk is one that many investors worry about and which appears to have negatively impacted MLPs in recent months. We are actually comfortable with this risk, believing that moderately rising interest costs can be passed on to customers in rates because of the need for the projects being built and the modest cost this represents compared to the value of the product transported. Many midstream MLPs have the ability, either contractually or through rate adjustments to pass on these increased costs and many companies have taken advantage of current low interest rates to issue significant amounts of term debt.

Regulatory risk and the risk to MLP status itself are risks that have long been concerns of MLP investors. With Congress seemingly more interested in broadening the use of the MLP structure to wind and solar companies through the MLP Parity Act, we are less concerned about the latter risk. We've already mentioned the risk of regulatory approval of LNG terminals, and many projects such as the Keystone XL pipeline require regulatory approval and have in recent years been the focus of more intense regulation. Electric utilities burning coal and nuclear generation facilities are also experiencing this increased regulatory and environmentally focused attention. Natural gas generation appears likely to be the beneficiary of this focus of the Environmental Protection Agency (EPA) and other regulatory bodies.

The greatest risk in our view are with companies which are so anxious for growth or an entrée into a fast grow-

(3) The 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.
(4) Price to EBITDA: The ratio of a company's stock to its per-share Earnings Before Interest, Taxes, Depreciation and Amortization.
(5) 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.

ing shale play that they will pay an extreme price for an acquisition. Almost as risky are companies which build assets without strong long-term contract backing. Although opportunities exist in this rapidly growing energy market, all companies are not able to access them. We believe that risks lie more with individual company investment decisions than with the broad macro question as to whether investors should be investing in MLPs for the next few years or not. We have found that well-regarded operators have been able to support their projects in advance of building them with fee-based contracts over long durations, and have generated an attractive spread between their cost of capital and return on invested capital. Such an approach has reduced investment risk and yields strong returns. Finding and investing in such companies at reasonable valuations is what it is all about.

Technological advances have contributed to past success and more gains may be ahead, although not without risk.

Advances in horizontal drilling techniques, hydraulic fracturing and well-completion techniques have been continuous over past years and these advances have largely been responsible for bringing the industry to where it is today. It wasn't that geologists didn't know that the shale areas and other rock formations in the Permian and Bakken contained oil and gas, but rather that it was incredibly expensive to drill wells into these formations for the modest amount of oil or gas that could be extracted. The combined use of horizontal drilling and advanced hydraulic fracturing capabilities have enabled the industry to force these zones to release the energy they contain and for it to be efficiently produced. Advances continue in the length of the horizontal sections, pad drilling techniques, the amount of the thick shales that can be accessed from one horizontal well and the multiple points where the rock is fractured. Although we are not technical experts in these techniques, our discussions with production engineers convinces us that continued improvements lie ahead, which may further raise recovery rates and reduce costs.

It is of note that shale opportunities are not confined to the United States. Europe, Britain, China, Australia and Mexico, among other areas of the world could pursue their shale assets. However, little has been done outside the U.S. Perhaps it is because much of the land is controlled by governments and not by entrepreneurial companies. Environmental concerns and access to water are also factors. It can't be because all of the best shales were magically deposited in the U.S. We know that the Eagle Ford shale extends beyond Texas and well into Mexico, and yet no significant shale development is taking place in Mexico, even as they import more natural gas from the United States.

What does Chickasaw do differently than other investors in our effort to outperform in this volatile market?

Although our investment process begins with a thorough analysis and constant review of the macro themes we have addressed in this quarterly update, we try not to ever be confined to one view, as the markets are continuously changing. We may have a current bias toward weak natural gas and NGL prices as well as stronger oil prices; however, we try not to make 'bets' on commodity prices, instead working to find opportunities that have the potential to be profitable in any pricing environment and with the changing market environment. Opportunities, but also risks abound when growth in an industry is rapid and the geographical sourcing of energy supply changes as dramatically as it has in the United States.

Our investment process continues with evaluation of the various risks that exist in this increasingly broad and diverse space. We work to eliminate for investment consideration sub-sectors and companies that have what we believe is excessive risk for the expected reward. Nothing is ever final in this process and we constantly revisit names and opportunities. We do our best to eliminate or reduce commodity price, interest rate, volume, balance sheet and contract risk. Said differently, we seek companies with what we believe have the best market positions in the best geographic regions with the best contracts, most creditworthy customers and with the highest tariff-based contract proportions of their business. We seek companies with, in our opinion, the strongest balance sheets, rarely investing in companies with debt to EBITDA[6] ratios that exceed 4 times. We want the maximum duration[7] of long-term debt and no significant reliance on revolver debt.

Then and only then do we focus on the growth prospects of a company and how that can influence total return. We seek companies that generate a strong return on invested capital for the long-term, but we focus on the spread between

(6) Debt to EBITDA: A measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its Earnings Before Interest, Taxes, Depreciation and Amortization.
(7) Duration: A commonly used measure of the potential volatility of the price of a debt security, or the aggregate market value of a portfolio of debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration.

cost of capital and return on capital. We look at the quality of the customers and evaluate how they view the company's reliability and execution. We seek to own 20 to 25 securities, believing that owning more concentrated positions in companies we know quite well makes a great deal of sense. Typically we hold 1% to 8% position sizes in our portfolio.

Equally importantly, we meet regularly with management teams and subjectively evaluate the likelihood of them executing on their strategy. Although much of Wall Street appears to focus on the most recent quarterly results and those of the next quarter of two, plus the current yield, we believe we can identify potential cash flow[5] trends and value that is not being discounted in the current price. Although we may be early with some or many of our investment decisions using this process, we believe that full cycle returns should be highest when an investment is made before strong growth is recognized by the market, which potentially could lead to attractive risk-adjusted total returns.

David Fleischer, CFA   Geoffrey Mavar   Matt Mead   Robert Walker

(5) 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.

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. Reference to this 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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INVESTMENT ADVISOR

Chickasaw Capital Management, LLC, 6075 Poplar Avenue, Memphis, Tennessee 38119
p 901.537.1866 or 800.743.5410, f 901.537.1890
info@chickasawcap.com

PORTFOLIO MANAGERS

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

ADDITIONAL DISCLOSURES

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

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The 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.

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.