MAINGATE
MLP FUND

FEBRUARY 1, 2012

MLP UPDATE

FOURTH QUARTER 2011

Risks Appear to be Diminishing Somewhat and We are Becoming More Optimistic for the Economy and Equity Markets

We Believe MLP's Continue to Have Broad Investment Appeal in 2012

During most of 2011, the glass on the economic front appeared to us to be at least half empty. Europe was struggling mightily and seemingly on a steep downhill slope. Greece was the obvious and hopeless basket case; it was only a question of when Greece would default and what haircut the lenders would take. Then, Spain and Italy became the next piñatas. Given the much greater size of their economies and debt, the focus quickly became the amount of refinancing that was required and how high and unaffordable the rates of interest would become. The challenges appeared, week by week, to be ever more formidable, as action by the European Central Bank (ECB) and European leaders appeared ever so meager. As intertwined as the western financial institutions and economies are, we sat there, as did most, awaiting the next ugly headline, the closing of the financial markets of significant countries, the seemingly inevitable implosion of economies and perhaps even the end of the Euro itself. In addition, the economy of the United States was sputtering and our elected leaders were accomplishing little even as our AAA credit rating slipped away.

However, for a variety of reasons, the glass is beginning to appear to us to be at least half full, both because of significant progress in Europe on the key monetary and debt issues and progress, albeit modest, in the U.S. on the economic front. The ECB made some 489 billion Euros of capital available to the European banks as a needed and low-cost three year life-line. Together with the arranged and unlimited swap capability into U.S. dollars, this appears to create the potential for Europe to muddle through 2012, as banks use the newly obtained capital to both meet their needs and invest in the short-term debt of problem European countries. Banks will be able to book some profits and rebuild capital, much as did U.S. banks with the assistance of Federal Reserve loans, as a first stage of recovery in the U.S. Debt instruments will become easier to sell and at reduced rates at problem countries, as banks again become significant net buyers of European sovereign debt. Finally, the reduced 1% benchmark rate at the ECB and the 0.5% benchmark rate in the United Kingdom, along with the UK's substantial loan and bond purchase agreement, do appear to add to the probability of a U.S. style solution which can meet the challenges of the capital markets over the coming year, even as Europe likely moves into recession.

FUND FACTS as of 12/31/11

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
Management Fee	1.25%	1.25%
12b-1 Fee	0.25%	NONE
Maximum Load	5.75%	NONE
Gross Expense Ratio	3.83%	3.58%
Expense Cap*	1.50%	1.50%

**The Fund's adviser contractually has agreed to cap the Fund's total annual operating expenses (excluding fee and commissions; borrowing costs; taxes; acquired fund fees and expenses; 12-b fees; and extraordinary expenses) at 1.50% of the average daily net assets of each class through March 31, 2013.*

Top 10 Holdings (as of 12/31/11)	% of Fund
Enterprise Products Partners, LP	8.35%
Plains All American Pipeline, LP	8.27%
Copano Energy, LLC	8.27%
Oiltanking Partners, LP	7.66%
Williams Partners, LP	7.14%
Crosstex Energy, Inc.	6.22%
Genesis Energy, LP	5.13%
Targa Resources Corp.	5.04%
Energy Transfer Equity, LP	5.02%
Kinder Morgan Management, LLC	4.99%

Top Sectors (as of 12/31/11)	% of Fund
Crude/Refined Prod. Pipeline & Storage	36.50%
Natural Gas/Natural Gas Liquid Pipe. & Storage	27.00%
Natural Gas Gathering/Processing	38.70%

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 12/31/11)		
NAV per Share		$10.20
POP per Share		$10.82
Returns:	Without Load	With Load
1 Month	4.51%	-1.54%
3 Month	10.03%	3.75%
6 Month	4.61%	-1.36%
1 Year	na	na
5 Year	na	na
10 Year	na	na
Since Inception (02/17/11)	5.34%	-0.71%

Performance: I Shares (as of 12/31/11)	
NAV per Share	$10.23
Returns:	
1 Month	4.49%
3 Month	10.11%
6 Month	4.81%
1 Year	na
5 Year	na
10 Year	na
Since Inception (02/17/11)	5.64%

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.

Pointing to the most recent data points, debt auctions by Italy and Spain last week recorded encouraging success in selling particularly shorter-term debt at much lower rates than in many months. Although impossible to conclude that any new trend is firmly in place after only one week of successful auctions, it was encouraging that Spain and Italy sold some $33 billion of short-term notes at sharply lower rates and that prices of longer term maturity bonds also fell in the marketplace. We emphasize all this even knowing that Europe is indeed not 'out of the woods' and will have to prove its ability to access the markets and also deal with their deficits on a regular basis going forward.

Risk and opportunity are evident in China, as some observers point to what might well be the early stage of a real estate bubble bursting. With some 50% of China's economy estimated to be related to investment, China's economic growth could materially slow down in 2012 should reported real estate price declines prove accurate. However, on the positive side, this slowdown in the economy could reduce demand for commodities and further reduce already declining inflation pressures around the world. The trend in commodity prices, except for oil, has already been sharply downward since last spring and this, combined with the 10% decline in the value of the Euro in recent months, and increased worldwide competitiveness of European producers, is another reason for some encouragement

Growth Prospects Appear to Have Taken a Turn for the Better

Turning to the prospects for economic growth in the United States and the likely backdrop for investments in 2012, "conviction" is not the word we read or hear from strategists and forecasters. Few have conviction that the U.S. economy is now in a healthy recovery or that the myriad uncertainties, including the massive Federal budget deficit, have been adequately dealt with so that there can be reasonable expectations for smartly rising gross domestic product (GDP)[1]. Very few have conviction that the financial troubles in Europe can be satisfactorily resolved, and many, including us, worry about the impact on U.S. financial markets. However, our first observation about the U.S. economy and views on equity markets is that most prognosticators and investors appear to be influenced by the very sluggish recovery to date and to be both expecting and discounting more of the same because of this weak recent performance. We are not convinced that the 1.1% to 2.4% 2012 growth forecasts that we've mostly seen (with the Conference Board at the low end and certain investment banks at the higher end) are particularly negative for equity markets, given already low expectations and the risk of negative exogenous factors that appear to be at least partly discounted in current valuation. Although we do not attempt in these pieces to express a strongly held economic viewpoint, we would observe that recent economic statistics send the message that there might well be a better probability of positive surprise than negative surprise in 2012 in the U.S. economy. This could have interesting implications for equity markets. We say this notwithstanding the continuing risks from Iran and from an Arab spring gone bad, as well as risks from Europe, but with greater confidence that the ECB and European leaders are finally taking appropriate steps to steady the financial markets

Reduced Inflation Pressure is an Important Change

Most important, in our view, is that inflation appears to be under control, at least for now, and even falling. The consumer price index (CPI)[2] rose 2.5% in November versus the prior November, but only 1.7% excluding food and energy. Labor costs rose only 1.8% November over November and commodity prices, except for oil, have fallen sharply across the board since spring. Looking at all these factors, JP Morgan is forecasting the CPI to rise by only 1.2% in 2012. These reduced inflation expectations appear to give the Federal Reserve greater flexibility to extend its low interest rate policy out even further than 2013 and intervene to an even greater extent in the bond market with additional bond purchases. An increasing number of forecasts point to such action being increasingly likely. The implication of such a policy is that investors would be displaced into corporate and municipal debt securities, which have already enjoyed impressive rallies, and into equities, similar to what happened during the initial quantitative easing (QE1) by the Federal Reserve, which boosted equity prices. Any strength in the economy, higher employment reports or the realization of reduced inflation could separately encourage investor movement into equities after a long period where investor confidence has lagged. Although we are not predicting a major rally in equities, we do see reasons why a stronger than expected equity market is possible in 2012 in the United States, given the relatively low historic price-earnings ratio (P/E)[3] multiples. A reduced inflation

(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).
(2) Consumer Price Index (CPI): A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.
(3) Price-Earnings Ratio (P/E): A valuation ratio of a company's current share price compared to its per-share earnings.

expectation is also assisting European leaders, giving them increased flexibility to reduce interest rates. Other encouraging signs for the U.S. economy include: 1) corporate profits having reached record levels; 2) employment increasing at a steady if only moderate pace; 3) homebuilding appearing to have bottomed out after its sharp and long decline and 4) durable goods orders showing strength (up 3.8% in November). One could argue that all these are only modest positives, and we would agree; however, compared to recent concerns about dipping back into recession, we find them encouraging. Our biggest concern is the major overhang of 'underwater' mortgages and the continued decline in housing prices in a number of markets. This is an issue that requires a solution.

The Shale Plays are an Investment Theme with Major Implications for a Number of MLP's

Investment themes, when accurately identified and thoughtfully analyzed, can be extremely helpful in guiding investment decisions. A number of major themes in the technology sector over past decades come to mind as ones which drove major new sub-sectors and built huge equity for the successful participants. Also a number of major new themes in retailing have created opportunities over the years. In previous letters, we have been documenting the increasing development of the shale plays in our quarterly reports over past years and have been investing off this theme for clients over a multi-year period. Over the past twelve to eighteen months, the probability of these plays, in the aggregate, transforming major portions of the U.S. energy industry has increased. The implications of this development appear to be far reaching, impacting exploration and production companies and the midstream MLP's in which we invest, but also a long list of other industries and companies which should benefit from the plentiful and low-cost supplies of natural gas and natural gas liquids, primarily ethane and propane.

> "Over the past twelve to eighteen months, the probability of these (shale) plays, in the aggregate, transforming major portions of the U.S. energy industry has increased."

Even as the popular press focuses on the safety of hydraulic fracturing (fracking), it is quite clear to those knowledgeable about energy that the technological advances in fracking and horizontal drilling leave these techniques and this approach to drilling as safe as any. There is little doubt but that these long-used techniques, which have only been improved and moved to new regions of the country, where locals are unfamiliar with the procedures, will continue to be utilized and will directly and significantly lead to many positive changes in the U.S. Huge new supplies of natural gas are already available, driving down the price of this important commodity. We expect this trend to continue and for natural gas prices to remain at very low levels for the long-term. Normally, low prices in a commodity would result in less of that commodity being available to the market. However, important and very large shale plays, such as the Marcellus and Eagle Ford are so rich in natural gas liquids, with 3 to 7 gallons of NGLs per thousand cubic feet of natural gas in much of these plays, and with the value in excess of $1 per gallon, that it is the value of these liquids and not the natural gas which is driving development of these fields.

The incremental quantities of natural gas and NGLs are highly likely to significantly transform major sectors of the U.S. economy, creating many new growth engines in energy intensive manufacturing. In addition, this production will reduce costs and oil imports, as well as pollution, as natural gas replaces dirtier coal and oil in electricity generation and other uses. Already, many utilities are making decisions to shut down old coal-fired generation facilities, instead of spending hundreds of millions of dollars to retrofit the plants with scrubbers, and to replace the facilities with new natural gas combined cycle plants. The Environmental Protection Agency (EPA) is rewriting air pollution rules in a move that appears likely to force the retirement of some 8% of current generation capacity in the U.S. by 2018. Also, a number of energy intensive manufacturing companies are already appreciating the opportunity in low-cost natural gas. For example, Nucor (NUE; $42.62) is moving forward on a steel plant in Louisiana that is made economic by the low cost of natural gas. Major fertilizer capacity is also being built because of the availability of low cost natural gas. We expect that other energy-intensive manufacturers are likely to soon 'discover' the cost benefits and opportunities with natural gas. Many in the northeast who heat their buildings with oil are waiting for pipeline expansion projects in order to convert to natural gas.

Natural Gas Liquids (NGLs) represent the largest portion of the value in these liquids-rich shale plays. Ethane, propane and to a lesser extent other liquids are feed stocks utilized by the chemical industry to make plastics and other chemical products. Currently some 2.2 million barrels/day of NGLs are produced from the natural gas stream according to the latest figures from the EIA. The pace of growth of this supply will be driven by demand, mostly by chemical companies seeking to produce low-cost plastics. In most areas of the world, naphtha, an oil-based product, is utilized as the feedstock in crackers. Increasingly in the U.S., ethane has been utilized and been substituted for the higher cost naphtha. Now, convinced that low-cost NGLs will be available for decades forward from these shale plays, chemical companies and corporate joint ventures including Dow (DOW; $33.15), Royal Dutch Shell (RDS/A; $70.35), Formosa, BASF-Total, Westlake (WLK; $56.01), Chevron-Phillips and others are both converting existing facilities to utilize ethane and announcing plans to build new world-class crackers utilizing NGLs. It very much appears to these company managements, as it does to us, that the truly extraordinary quantities of natural gas liquids that can be economically produced, will likely keep the price of NGLs lower than the price of oil, and give these companies major cost advantages in producing plastics in the U.S. It appears quite likely to us that the U.S. will become a major exporter of plastics, as a value-added upgrade to NGLs, creating GDP growth, jobs and benefits to our balance of trade. Knowledgeable observers including significant midstream participant Enterprise Products Partners, L.P. (EPD; $47.95), are forecasting a 25% or greater increase in NGL production by 2015.

Even After Three Strong Years of Outperformance by the Alerian MLP Total Return Index (AMZX)[4], We Remain Quite Optimistic About Prospects for MLPs, both for 2012 and a Multi-Year Period

MLPs as a group performed strongly in 2011, providing a 13.88% total return as measured by the Alerian MLP Total Return Index (AMZX), and outperforming the broader equity markets (S&P 500)[5] for the third year in a row. It is true that the quest for yield was a very common theme in 2011 and is likely to also be a major theme in 2012. However, we would point to a number of fundamental factors related to the shale gas and NGL development that differentiate the MLP story quite positively. We would also point out that 2011 was a year when almost as many MLPs declined as rose in price despite their high yields and where performance of certain sub-groups including coal, propane and gas transportation & storage fell by double digit percentages. Fundamentals do matter. Similar to other sectors, an investor could not simply buy any name and hope to outperform. The year 2011 was one of major organic capital investment by MLPs, totaling $15.9 billion according to Wells Fargo, and record equity financing of $21.9 billion and debt financing of $20.9 billion according to UBS, strengthened MLP balance sheets and financed both acquisitions and organic spending, much related to the shale plays. Many Wall Street analysts currently forecast 6% to 7% distribution growth on average for the sector after several years of weaker increases. We essentially agree with these forecasts, on average for the group. Many analysts write in their 2012 forecast pieces that they are either expecting a correction after the recent strong gains or are hesitant in their recommendations given valuation that they point out is arguably at average or even dearer than average historic levels, whether based on price to EBITDA ratios, yield or other common measures. Although it is true that MLPs are currently priced somewhat higher than historic valuation, we are more optimistic that MLPs can and certainly have the potential to continue to deliver good gains in future periods. There is much greater visibility to long-term growth than historically, at least for a subset of the universe, and both their access to and cost of capital has improved dramatically. The spread between cost of capital and return on capital has improved and is impressive for many companies.

Although the Opportunities are Great, There is No Free Pass to Profitable Growth

Many midstream MLPs are in the epicenter of the explosion in development of the shale plays and actively investing in major gathering, processing, transporting, fractionation and storage facilities in and adjacent to major shale plays and other growth regions. As third party service providers, they are favored to provide midstream services for producers and chemical companies, and they currently provide a large portion of these services in all of the major shale plays. However, such opportunities are not a free pass to high profitability and a prolonged period of growth. MLPs are in a service business that is increasingly competitive

(4) The Alerian MLP Index: A capitalization-weighted index of the 50 most prominent energy Master Limited Partnerships.
(5) The S&P 500: A free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States.

and where one cannot rest on past success. The energy landscape is one that is constantly changing, as we have recently seen when the Barnett and Haynesville shale plays, which appeared not long ago to have unbeatable economics, were superseded by the Eagle Ford and Marcellus plays as the major growth opportunities in the industry. Only a few years earlier, the Rocky Mountain region was seen as the new and next resource basin to be more fully developed. It too has become more yesterday's opportunity. Now, as we watch development taking off in the Bakken field in North Dakota and new development in the very old Permian Basin of West Texas, the message becomes increasingly clear that company managements must be flexible, forward looking and strong service providers. However, contract protection is also required when no one can claim to have perfect vision into the future.

In our opinion, energy MLPs, and specifically Midstream Energy MLPs are a very attractive asset class because of their lower-than-market risk attributes (pointing in particular to reliable tariff-based revenue streams for many companies and contract protection); high current yields, fully supported by cash flow[6]; long-lived cash flow which supports the distributions; and the above average growth potential at many companies which we previously pointed out. Importantly, the story we have told in this piece is not dependent on strong economic growth either in the U.S. or worldwide. However, MLPs as a group are not immune to a financial collapse in Europe or other major world events which might severely impact the capital markets. That said we do believe that the group is better positioned to make it through difficult periods and to even prosper in a period of low growth. Owning hard assets also makes a lot of sense to us in a world that at some point will inevitably see a resurgence of inflation. We remain quite optimistic broadly speaking with many, but certainly not all, midstream MLPs, and remain wary of coal, shipping, propane and most E&P MLPs (in particular, those which have a dependence on natural gas prices). We would be remiss if we did not emphasize that the many generalizations which we espoused in the piece about the opportunities emanating from the shale plays do not apply to all MLPs. Many have limited or no exposure to these opportunities and even those that do, face competitive pressures and must be thoughtfully valued. However for the MLPs in our current portfolio, the ability to prosper in a world where inflation is low, because of long-term and tariff-based contracts, but to also have the potential for inflation protection, should be beneficial. It also appears to be an unusual combination of attributes in corporate America.

David Fleischer, CFA

PRINCIPAL, CHICKASAW CAPITAL MANAGEMENT

(6) 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.

It is not possible to 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. 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.

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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.

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