MAINGATE
MLP FUND

JANUARY 31, 2013

MLP UPDATE

FOURTH QUARTER 2012

Avoiding the Fiscal Cliff, Plus a 'Calming' of Issues in Europe Appear to be Enough to Create a Bit of Investor Optimism. MLPs are Becoming Increasingly Mainstream Investments.

Absence is supposed to make the heart grow fonder, and so does it appear that distance from a financial crisis (2008) makes the memory less intense. Little has really changed in the economic and financial backdrop in the United States and the world with the turning of the calendar to 2013. However, investors have breathed a sigh of relief, are acting as if prospects are improved, and appear to be more aggressive about seeking investment opportunities. Perhaps it simply relates to not being in crisis mode about Sovereign debt or the fiscal cliff, and it is true that the U.S. didn't fall off the so-called fiscal cliff, even as politicians haven't yet addressed the major deficit and debt issues. Global growth is expected to remain at a lackluster, with the World Bank now forecasting growth at 2.4% for 2013. China is virtually alone in showing good, albeit reduced growth and Europe is forecast to generate no growth in 2013. Perhaps Europe is a bit less of a mess than it had been, with the problem Mediterranean countries currently able to borrow at noticeably lower and more affordable rates simply on the promise by Mario Draghi, head of the European Central Bank (ECB), to provide any amount of needed credit. Therefore, Sovereign default risk in southern Europe may be diminished for now.

The U.S. Federal Reserve is committed to essentially financing the U.S. government deficit through most or all of 2013. This frees up investor capital for equity or other investing. Although we worry about what will happen when the Federal Reserve stops monetizing the deficit and has to withdraw the money that it has printed to fight the higher inflation which is likely to return at some point, most, but not all, strategists are modestly optimistic on corporate earnings and have reasonably higher price targets for the market. All this appears to be enough to satisfy investors, at least for now, and investors have shown a new found willingness to buy equities. Finally, in this opening summary of our thoughts we would say that Master Limited Partnerships (MLPs) appear to have fairly quickly become a lot more 'conventional' and 'mainstream' as an investment option. MLPs have been mentioned in and recommended by many pub-

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FUND FACTS as of 12/31/12

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	19.59%	19.34%
Net Expense Ratio (After Cap)	10.28%	10.13%
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 12/31/12)	% of Fund
Enterprise Products Partners, LP	8.00%
Plains All American Pipeline, LP	7.92%
Copano Energy, LLC	7.70%
Crosstex Energy, Inc.	6.17%
Genesis Energy, LP	6.04%
Western Gas Equity Partners, LP	5.07%
Targa Resources Corp.	5.04%
Oiltanking Partners, LP	4.83%
Williams Companies, Inc.	4.78%
Magellan Midstream Partners, LP	4.71%

Top Sectors (as of 12/31/12)	% of Fund
Crude/Refined Prod. Pipeline & Storage	34.39%
Natural Gas Pipeline & Storage	33.69%
Natural Gas Gathering/Processing	31.92%

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 12/31/12)		
NAV per Share		$10.36
POP per Share		$10.99
Returns:	Without Load	With Load
1 Month	-0.10%	-5.82%
3 Month	-0.41%	-6.10%
6 Month	7.47%	1.25%
1 Year	7.92%	1.73%
Since Inception (02/17/11)	7.10%	3.76%

Performance: I Shares (as of 12/31/12)	
NAV per Share	$10.42
Returns:	
1 Month	0.00%
3 Month	-0.31%
6 Month	7.64%
1 Year	8.20%
Since Inception (02/17/11)	7.42%

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.

lications as potentially attractive, seemingly low risk and high yielding investments for 2013, perhaps significantly enhancing or at least reflecting their near-term prospects.

We Believe MLPs Could Be the Investment of Choice

It appears that investors are climbing part of the way out of their foxholes with a new willingness to invest cash and seek yield. Equity funds have seen positive cash flow[1] for the first time in a long time. Government and investment grade yields have sunk to levels where risk appears to many to outweigh the reward. Junk bond yields (as measured by the Barclays High-Yield Index[2]) fell below 6% for the first time ever in recent days. The 136 REITs in the Dow Jones Equity All REIT index[3] generated a nearly 20% total return in 2012, but currently yield only 3%. After being ignored by Wall Street strategists and major investors for most of their history, it does appear that MLPs are being (more broadly) accepted as an investment choice and satisfying much of what investors are seeking, given their: 1) comparably higher yields, 2) seemingly low risk, 3) good growth, and 4) the ability to prosper in a variety of favorable and less favorable economic scenarios. The latter is because of the major new themes of the shale plays and logistical needs for transporting the huge new quantities of the oil, NGLs, and natural gas being discovered and produced in the U.S. We anticipate the real possibility of a revaluation of the group because of the attractive combination of attributes — in quite short supply — that we describe in detail later in the letter.

The Economic Underpinning in the Economy Does Appear to Be Modestly Improving and Growth Appears More Likely Than Not to Be Sustained

Economists and investors alike have worried over the past two years about the U.S. economy slipping back into a recession. Although government action to reduce the deficit appears anything but likely, economic data have become increasingly positive, albeit at modest and below historic levels. The automotive, housing, construction and manufacturing segments have all reported steady, although not impressive strength. One of the most positive pieces of data is the recent S&P Case-Shiller home price index[4] report showing prices on a national basis up 4.3% as of October on a year over year basis. Housing is a key measure of wealth and this long-awaited price rebound has also boosted home sales and is likely to be helpful to consumer psychology and perhaps future consumer spending, notwithstanding the still slow progress in employment and employee compensation. The tax rate boost to 23.8% on dividends and capital gains for higher income investors appears to have been accepted with a resigned sense of relief that it might have been worse. Additionally, long-term investors may favor MLPs because of their ability to defer taxes on much of their current income. Finally, inflation has remained low and below Federal Reserve targets, as healthcare and commodity price increases have lessened, and wage increases have remained modest. Corporate profits are forecast by most to continue to grow in 2013 and these data create an environment where investors might well be comfortable investing in equities.

Two Important Themes, Shale Play Development and Major Logistical Requirements to Move Energy Products Have Guided and Continue to Influence Our Investment Choices

Almost regardless of the pace of economic growth of the U.S. economy, interest rates, employment and other variables, it appears highly likely that oil and natural gas development will continue at its current rapid pace or even accelerate, because of the strong economics of the shale plays and the tremendous technological advances over the past decade in hydraulic fracturing, horizontal drilling and well completion techniques. Because of these techniques, oil can be found and produced very profitably at prices even well below the current $93 per barrel for WTI. U.S. oil production has risen by 1.16 million bbl/d over the past year and now exceeds 7 million bbl/d, the highest level since 1993. The bulk of this new production is in N. Dakota, the Permian Basin of west Texas and the Eagle Ford Shale of southeast Texas. Separately, the U.S. is awash with natural gas and related NGLs, including ethane and propane, which are being produced in the Eagle Ford, Marcellus, Haynesville, Barnett and other shale plays. Particularly the Eagle Ford, Marcellus and Utica shales produce extremely large quantities of valuable natural gas liquids along with the natural gas and these regions are mostly non-traditional producing locations

(1) 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.
(2) Barclays High-Yield Index: Covers the universe of fixed rate, non-investment grade debt.
(3) Dow Jones REIT Composite Index: Contains all the publicly traded U.S. REITs (Real Estate Investment Trusts) in the Dow Jones U.S. stock universe.
(4) 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.

with limited existing infrastructure. Midstream MLPs have become the third-party service providers of choice to provide the wide range of gathering, processing, transportation, storage and fractionation services required to move these ever more plentiful energy products to market. Wells Fargo estimates that MLPs spent some $23.7 billion in organic investments last year to provide these and other services to customers. Announced projects and logical follow-on projects imply a number of years of $20 billion/year investment in attractive organic projects. Importantly, MLPs continue to lock in potential mid-teens returns on long-term contracts for many of these investments and simultaneously lock in the current low cost of capital to finance these projects creating healthy net returns It is important to point out that only a minority of MLPs have generated and are pursuing such projects in the new, attractive basins and that each company's market position is different.

We believe that the development of these new energy sources is likely to continue despite the declining or perhaps now flattening energy consumption in the U.S., because this new domestic production is displacing oil imports and rapidly declining coal consumption. Natural gas demand is growing rapidly for electricity generation and exports may also take place into a world market where natural gas sells at as much as five or six time the U.S. price. Ethane, propane and butane production, the largest of the NGLs in the natural gas stream, are expected to drive the economics of natural gas production in the shale plays much more than the price of natural gas. Ethane and propane production is expected to increase by 40% to 50% before the end of the decade and these feed stocks appear highly likely to fuel a major economic expansion of the chemical industry, which is planning to build a number of multi-billion dollar crackers in the 2016 to 2018 time period to produce ethylene and plastics. Clearly, the U.S. is in a renaissance of energy production, and those companies which can create a platform to help to facilitate the production of energy from these shale formations and newly productive basins can create a significant and highly profitable niche.

What Challenges Might Exist to This Seemingly Bright Future?

Environmentalists have long questioned the safety of hydraulic fracturing, saying that the injection of a small amount of chemicals into the hydrocarbon zones might endanger the water supply. More recently, they've objected to the use of water they view as scarce and quite valuable into these deep injection wells. Despite claims of ground water contamination, we are unaware of any scientific proof or direct connection between hydraulic fracturing and drinking water contamination, notwithstanding a number of articles, claims and movies which say otherwise. On the contrary, despite decades of hydraulic fracturing, the techniques have proven to be quite safe. Hydraulic fracturing has been used as a tool in oil and gas production for decades in the traditional southwestern oil producing states. All the evidence appears to point to its safety as long as the chemicals are handled properly and carefully at the surface. Small amounts of chemicals injected thousands of feet below the surface beneath impermeable rocks would appear to pose no danger. Notwithstanding this experience and these facts, the executive branch of government last April directed no fewer than 13 Federal agencies to consider regulations on fracking. This is, of course, in addition to State regulations and oversight.

The Environmental Protection Agency (EPA) and other government agencies have issued rules and regulations that have delayed many energy projects and added to their cost in pursuit of the President's stated goal to reduce greenhouse gas emissions by one sixth by 2020. Although the natural gas and midstream industries have been impacted, they are also benefitting as coal consumption is rapidly declining in the U.S. The EPA is preparing to release a number of rules as early as March to limit greenhouse gases from power plants. The Manhattan Institute estimates that some 332 plants, most of which burn coal, will have to shut down as a result over coming years. Natural gas is likely to be the major beneficiary as the replacement fuel for electric generation and manufacturing facilities.

The Department of Energy (DOE) released a long-awaited report on December 6th, outlining its opinion on the economic impact to the U.S. of liquefied natural gas (LNG) exports. Much to the dismay of environmentalists and energy consumers, who want as low a price for natural gas as possible, the DOE concluded that there would be significant economic benefit to the U.S. from converting existing LNG import terminals, and the considerable sunk capital investment, into export facilities. Critically, DOE determined that the price risk was not substantial. The report indicated that 6 to 12 BCF per day of exports in 2015 to 2020, equal to some 10% of U.S. production at that time would lead to a $0.33 to $1.11 per mm btu rise in the natural gas price. They also balanced environmental and energy security issues in their analysis. There are 15 facilities that have filed to export some 26.5 BCF/d. Only two have received export permits to date, and yet we doubt that most of these ever will. Environmentalists object to exporting natural gas that is produced by hydraulic fracturing, and this is likely to turn into a very loud and difficult debate. America's Energy Advantage, an influential lobbying group of a number of large natural gas and NGL consumers, who are currently enjoying the very low natural gas and ethane prices, are opposing the move to approve a number of export terminals. It is ironic to see major chemical companies and other energy consumers on the same side of an issue with environmentalists.

We Can Dream, Can't We?

Before we conclude our letter to investors with more specifics about the investment opportunity in MLPs, it seems important in a world filled with nay sayers of doom pointing to the many dangers and risks, to talk about what might be in a world where energy development could solve many of our problems from environment to war. Technology has changed the world many times in the past and it is interesting to think about what might be possible if the tremendous technological advances of seismic, hydraulic fracturing, horizontal drilling and well completion techniques were applied much more broadly (we did not even say to their fullest). The 1.16 million bbl/d increase in U.S. oil production over the past year is only an indication of what is possible in the U.S. This increase was accomplished even with many regulatory restrictions. If offshore leases were made more available and more drilling permits were issued, Gulf of Mexico and other areas of the U.S. could produce substantially more oil and natural gas.

The shale revolution that we have described does not have to be exclusive to the U.S. Many areas of the world have shale formations which might well be as productive as ours in the U.S. China is beginning to explore their shale resources. Can one imagine a China that at least in part converts its economy over from dirty coal and oil imported from the Middle East to natural gas? The same can be said for Europe where Poland and other countries have interesting shale potential. What better way is there to defuse the tensions of the Middle East than to significantly diminish their oil export dollars? Many western economies could benefit from investment in their own economies instead of shipping huge sums of money to this unstable region. Natural gas and NGLs are cleaner and likely more readily available around the world than many now believe. Perhaps we will find out.

What's Ahead for MLPs in 2013?

MLP price performance has started 2013 at a running pace, with the AMZ Total Return Index[5] (AMZX) up 7.7% through January 15th compared to the 3.3% gain of the S&P 500[6], and following a relatively weak 2012 for the AMZX when it only rose 4.8%. A number of secondary issuances and IPOs have been easily absorbed to start the year, too. We would point out that there have been as many (or more?) lower quality names as higher quality names rising sharply as investors chased yield and bought names that had lagged in 2012. Clearly some less discerning buyers have shown up on the MLP doorstep.

Wall Street is nothing if not opportunistic, and we expect to see many IPOs in energy subsets with more volatile cash flows that have not traditionally been welcomed by MLP buyers. MLPs are priced in the market mostly off their yields and free cash flow[7], and it is logical to expect more IPOs when assets can be more highly valued in MLP hands than in corporate or private hands. *Caveat emptor* — let the buyer beware — as the current MLP universe of more than 100 securities becomes ever more diverse though diluted in quality with less reliable cash flow[1] generating assets in ever more creative securities, and a marketplace that continues to inadequately discriminate in valuation between the wheat and the chaff. Although a rising tide may, in fact, raise all ships for a while, it is increasingly important for investors to maintain a strong investment discipline. Investors continue to use yield as a prime valuation tool. However, all yields are not created equally as there are now MLPs with highly volatile cash flows[1] and stated policies of variable distributions. Others have a high commodity price dependence that makes their distributions less than solid if we are right that natural gas and NGL prices will be lower than consensus forecasts.

Notwithstanding the above concerns, we continue to believe that many MLPs have an excellent balance of low risk and moderate reward, and we believe that it is possible to create a portfolio of names that optimally balances risk and reward. There is excellent visibility to growth, particularly within the broad midstream category of companies. Simply stated, the increasing production of oil, natural gas and natural gas liquids must get from the places where they are produced to where they will be converted into product or consumed. Many billions of dollars need to be spent on a wide variety of pipeline and processing assets. MLPs are the far-and-away largest third party providers of these midstream services. Many are locking in strong spreads between their cost of capital and return on invested capital. Although MLPs trade at or modestly higher than historic multiples of

(5) The Alerian MLP Index: A capitalization-weighted index of the 50 most prominent energy Master Limited Partnerships.
(6) 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.
(7) Free Cash Flow: A measure of financial performance calculated as operating cash flow minus capital expenditures.
(1) 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.

price to EBITDA[7] and other valuation methodologies, fundamental prospects are much improved, contract terms with high tariff-based revenues are significantly better, quality of earnings is high, cost of capital is low, balance sheets are strong, and the runway for long term growth is solid.

We are optimistic about prospects for many MLPs and would reiterate our principles for investing in the space as a discipline we believe makes sense in this uncertain world. We seek to invest in companies with 1) strong balance sheets, 2) attractive market positions in growing basins, 3) excellent customer relationships, 4) low commodity price exposure, and 5) creative, but conservative management teams. We own a shorter list of names in our portfolio (generally 20 to 25) than many managers. However, we believe that we know these companies with their various risk and reward parameters and their management teams extremely well, and are buying them early in their cycle of growth and at attractive pricing. A debt to EBITDA[8] ratio of 4 times or higher is a level that we generally will not tolerate in any company we hold, and a heavy reliance on revolver debt rather than term debt is unacceptable. Although many MLPs cannot satisfy us on these standards, there are many others that can and still have attractive valuations. Our typical investment has a lower than average yield, but a higher than group average growth rate. We believe our portfolio has greater stability and predictability of cash flow[1], with more of cash flow[1] coming from fixed tariffs and less from commodity related prices. Ultimately these portfolio characteristics lead us to feel good about how we are positioned for 2013 and for the long term.

David Fleischer, CFA

PRINCIPAL, CHICKASAW CAPITAL MANAGEMENT

(1) 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.

(8) Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Essentially net income with interest, taxes, depreciation, and amortization added back to it; can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.

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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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.

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.