Cushing MLP Total Return Fund
Form N-2/A
August 24, 2007

Table of Contents

As filed with the Securities and Exchange Commission on August 24, 2007.

1933 Act File No. 333-143305
1940 Act File No. 811-22072

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-2
þ REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
þ PRE-EFFECTIVE AMENDMENT NO. 4
o POST-EFFECTIVE AMENDMENT NO.
and
þ REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940
þ AMENDMENT NO. 4
The Cushing MLP Total Return Fund
(Exact Name of Registrant as Specified in Charter)

3300 Oak Lawn Avenue
Suite 650
Dallas, TX 75219
(Address of Principal Executive Offices)

(214) 692-6334
(Registrant s Telephone Number, including Area Code)

Jerry V. Swank
The Cushing MLP Total Return Fund
3300 Oak Lawn Avenue
Suite 650
Dallas, TX 75219
(Name and Address of Agent for Service)

Copies to:

Barry P. Barbash	**Joseph A. Hall**	**G. Michael O Leary**
Willkie Farr & Gallagher LLP	**Davis Polk & Wardwell**	**Andrews Kurth LLP**
787 Seventh Avenue	**450 Lexington Avenue**	**600 Travis, Suite 4200**
New York, NY 10019	**New York, NY 10017**	**Houston, TX 77002**
(212) 728-8000	**(212) 450-4000**	**(713) 220-4360**

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. o

It is proposed that this filing will become effective (check appropriate box) o when declared effective pursuant to section 8(c)

If appropriate, check the following box:

o This [post-effective] amendment designates a new effective date for a previously filed [post-effective amendment] [registration statement].

o This Form is filed to register additional securities for an offering pursuant to Rule 462 (b) under the Securities Act and the Securities Act registration number of the earlier effective registration statement for the same offering is .

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)(3)	Amount of Registration Fee(2)
Common Shares, $0.001 par value per share	12,500,000	$20	$250,000,000	$3,070.00

(1) Estimated pursuant to Rule 457 solely for the purpose of determining the registration fee.
(2) $3,070.00 was wired to the Securities and Exchange Commission s account at Mellon Bank, Pittsburgh, Pennsylvania in payment of the required registration fee due in connection with this Registration Statement. $4,574.30 was previously wired to the Securities and Exchange Commission s account at Mellon Bank, Pittsburg in connection with the filing of Pre-Effective Amendment No. 3 to the Registration Statement. $30.70 was previously wired to the Securities and Exchange Commission s account at Mellon Bank, Pittsburgh in connection with the initial filing of the Registration Statement.
(3) Includes the underwriters over-allotment.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the commission, acting pursuant to Section 8(a), may determine.

Table of Contents

Form N-2

CROSS-REFERENCE SHEET

Parts A and B of the Prospectus*

	Items in Part A and B of Form N-2	Location in Prospectus
1.	Outside Front Cover	Outside Front Cover Page of Prospectus
2.	Cover Pages, Other Offering Information	Inside Front and Outside Back Cover Page of Prospectus
3.	Fee Table and Synopsis	Prospectus Summary; Summary of Fund Expenses
4.	Financial Highlights	Not Applicable
5.	Plan of Distribution	Outside Front Cover Page of Prospectus; Prospectus Summary; Underwriters
6.	Selling Stockholders	Not Applicable
7.	Use of Proceeds	Prospectus Summary; Use of Proceeds
8.	General Description of the Registrant	Outside Front Cover Page of Prospectus; Prospectus Summary; The Fund; The Fund s Investments; Principal Risks of the Fund; Investment Restrictions; Description of Shares
9.	Management	Prospectus Summary; Management of the Fund; Portfolio Transactions and Brokerage; Description of Shares; Other Service Providers
10.	Capital Stock, Long-Term Debt, and other Securities	Distributions; Dividend Reinvestment Plan; Description of Shares; Tax Matters
11.	Defaults and Arrears on Senior Securities	Not Applicable
12.	Legal Proceedings	Not Applicable
13.	Table of Contents of the Statement of Additional Information	Not Applicable
14.	Cover Page	Not Applicable
15.	Table of Contents	Not Applicable
16.	General Information and History	Prospectus Summary; The Fund
17.	Investment Objective and Policies	Prospectus Summary; Investment Objective and Policies; The Fund s Investments; Investment Restrictions
18.	Management	Prospectus Summary; Management of the Fund
19.	Control Persons and Principal Holders of Securities	Management of the Fund
20.	Investment Advisory and Other Services	Prospectus Summary; Management of the Fund; Other Service Providers
21.	Portfolio Managers	Management of the Fund
22.	Brokerage Allocation and Other Practices	Portfolio Transactions and Brokerage
23.	Tax Status	Tax Matters
24.	Financial Statements	Financial Statements

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS (Subject to Completion)
Issued August 24, 2007

Shares
The Cushing MLP Total Return Fund
COMMON SHARES

The Cushing MLP Total Return Fund (the Fund) is offering common shares of beneficial interest (common shares). This is the initial public offering of the Fund s common shares and no public market exists for its common shares.

Investment Objective. The Fund is a newly organized, non-diversified, closed-end management investment company. The Fund s investment objective is to obtain a high after-tax total return from a combination of capital appreciation and current income. No assurance can be given that the Fund s investment objective will be achieved.

Investment Strategy. The Fund will seek to achieve its investment objective by investing, under normal market conditions, at least 80% of its net assets, plus any borrowings for investment purposes, in MLP investments. Entities commonly referred to as MLPs are taxed as partnerships for federal income tax purposes, and are generally organized under state law as limited partnerships or limited liability companies. If publicly traded, MLPs must derive at least 90% of their gross income from qualifying sources as described in Section 7704 of the Internal Revenue Code of 1986, as amended (the Code). For purposes of the Fund s 80% policy, MLP investments are investments that offer economic exposure to public and private MLPs in the form of common or subordinated units issued by MLPs, securities of entities holding primarily general partner or managing member interests in MLPs, debt securities of MLPs, and securities that are derivatives of interests in MLPs. The Fund will be managed by Swank Energy Income Advisors, LP (the Investment Adviser). (continued on next page)

No Prior History. Because the Fund is newly organized, its common shares have no history of public trading. *Shares of closed-end funds frequently trade at a discount to their net asset value, which may increase the risk of loss. This risk may be greater for investors expecting to sell their common shares in a relatively short period after completion of this offering. The Fund anticipates that its common shares will be listed on the New York Stock Exchange, subject to official notice of issuance, under the symbol SRV.*

Investment in the Fund s common shares involves substantial risks arising from the Fund s policy of investing in the securities of MLPs, its concentration in the natural resource sector and its use of leverage. Before buying any of the Fund s common shares, you should read the discussion of the material risks of investing in the Fund in Principal Risks of the Fund beginning on page 54 of this prospectus.

PRICE $20.00 A SHARE

	Price to Public	*Sales Load*	*Estimated Offering Expenses*	*Proceeds to the Fund*
Per Share	$20.00	$0.90	$0.04	$19.06
Total	$	$	$	$

The Fund has granted the underwriters an option to purchase up to additional common shares at the price to the public, less the sales load, within 45 days of the date of this prospectus, solely to cover over-allotments, if any. If such option is exercised in full, the total price to the public, sales load, estimated offering expenses and proceeds to the Fund will be $, $, $ and $, respectively. See Underwriters.

The Investment Adviser will pay a marketing and structuring fee to Morgan Stanley & Co. Incorporated equal to 1.25% of the aggregate price to public of the common shares sold by Morgan Stanley & Co. Incorporated, including over-allotted shares. This fee is not reflected under estimated offering expenses in the table above. See Underwriters Additional Compensation to Be Paid by the Investment Adviser.

The Fund will pay offering expenses (other than the sales load) up to an aggregate of $0.04 per common share sold in this offering. The Investment Adviser has agreed to pay (i) all organizational expenses of the Fund and (ii) the offering expenses of the Fund (other than the sales load) to the extent they exceed $0.04 per common share.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common shares to purchasers on or about , 2007.

MORGAN STANLEY *DEUTSCHE BANK SECURITIES*

A.G. EDWARDS *RBC CAPITAL MARKETS*

FERRIS, BAKER WATTS Incorporated *MORGAN KEEGAN & COMPANY, INC.*

SCOTIA CAPITAL *SMH CAPITAL*
SOUTHWEST SECURITIES *STIFEL NICOLAUS* *WELLS FARGO SECURITIES*

, 2007

(continued from previous page)

As used in this prospectus, the term master limited partnership refers only to a limited partnership or limited liability company entity and its subsidiaries, and does not include its general partner or managing member or any other affiliate.

The Fund seeks to obtain a high after-tax total return through investments in public and private MLPs that have distribution growth prospects that, in the Investment Adviser s view, are high relative to comparable MLPs and available unit pricing. The Fund will be treated as a regular corporation , or C corporation, for U.S. federal income tax purposes. The Fund intends to focus its investments in MLPs with operations in the development, production, processing, refining, transportation, storage and marketing of natural resources. The Fund believes that, as a result of the tax characterization of cash distributions made by master limited partnerships to their investors (such as the Fund), a significant portion of the Fund s income will be tax-deferred, which will allow distributions by the Fund to its shareholders to include tax-deferred income. However, there can be no assurance in this regard. If this expectation is not realized, the Fund will have a larger corporate income tax expense than expected, which will result in less cash available to distribute to shareholders. The Fund expects to make equity investments in a mix of publicly traded securities and non-readily marketable securities that may be issued by public or private companies. The Fund will seek to hedge certain risks such as overall market, interest rate and commodity price risk.

The Fund will generally seek to invest in 20 to 30 issuers with generally no more than 10% of Managed Assets in any one issue, and no more than 15% of Managed Assets in any one issuer (for purposes of this limit, an issuer includes both a master limited partnership and its controlling general partner or managing member), in each case, determined at the time of investment. Among other things, the Investment Adviser will use fundamental, proprietary research to seek to identify the most attractive MLPs with strong fundamental growth prospects, and will seek to invest in initial public offerings (IPOs) and secondary market issuances, private investment in public equity (PIPE) transactions and private transactions, including pre-acquisition and pre-IPO equity issuances and investments in private companies. Generally, no more than 50% of the Fund s portfolio will be in PIPE or other private or restricted securities at the time of investment.

As used in this prospectus, Managed Assets means the total assets of the Fund, minus all accrued expenses incurred in the normal course of operations other than liabilities or obligations attributable to investment leverage, including, without limitation, investment leverage obtained through (i) indebtedness of any type (including, without limitation, borrowing through a credit facility or the issuance of debt securities), (ii) the issuance of preferred stock or other similar preference securities and/or (iii) the reinvestment of collateral received for securities loaned in accordance with the Fund s investment objective and policies.

Investment Adviser. The Investment Adviser has been registered as an investment adviser with the Securities and Exchange Commission (the SEC) since 2003. The Investment Adviser is also an investment adviser to several private investment funds, not registered under the Investment Company Act of 1940 (the 1940 Act), and private managed accounts (the Affiliated Funds) that invest primarily in MLPs, securities of other companies that are generally engaged in the same lines of business as those in which MLPs engage (Other Natural Resource Companies), and global commodities. The Investment Adviser brands certain of its investment vehicles with the name Cushing. As of May 1, 2007 the Investment Adviser managed approximately $2 billion in assets on behalf of institutional and private investors around the world. The Investment Adviser is indirectly controlled by Jerry V. Swank.

Leverage. The Fund may seek to enhance its total returns through the use of financial leverage, which may include the issuance of shares of preferred stock (Preferred Shares), commercial paper or notes and other forms of borrowing (each a Leverage Instrument and collectively, Leverage Instruments), in each case within the applicable limits of the

1940 Act. The Fund expects that it will initially leverage through borrowings in an aggregate amount of up to approximately 331/3% of its Managed Assets (i.e., 50% of its net assets attributable to the Fund s common shares). The Fund in the future may decide to leverage through the issuance of Preferred Shares or other means. After that decision, total

Table of Contents

leverage of the Fund is expected to range between 20% to 50% of the Fund s Managed Assets (i.e., 25% to 100% of its net assets attributable to the Fund s common shares). The Fund may borrow from banks and other financial institutions.

The use of leverage for investment purposes creates opportunities for greater total returns but at the same time increases risk. When leverage is employed, the net asset value and market price of the common shares and the yield to holders of common shares may be more volatile. Any investment income or gains earned with respect to the amounts borrowed in excess of the interest due on the borrowing will augment the Fund s income. Conversely, if the investment performance with respect to the amounts borrowed fails to cover the interest on such borrowings, the value of the Fund s common shares may decrease more quickly than would otherwise be the case, and distributions on the common shares would be reduced or eliminated. Interest payments and fees incurred in connection with such borrowings will reduce the amount of net income available for payment to common shareholders.

Leverage Instruments will have seniority over the Fund s common shares. If the Fund uses Leverage Instruments, associated costs will be borne immediately by the Fund s common shareholders and result in a reduction of the net asset value of the common shares. The Fund does not intend to use leverage until the proceeds of this offering are substantially invested in accordance with the Fund s investment objective. See The Fund s Investments Use of Leverage. Because the Investment Adviser s fees are based upon a percentage of the Fund s Managed Assets, the Investment Adviser s fees will be higher if the Fund employs leverage. Therefore, the Investment Adviser will have a financial incentive to use leverage, which may create a conflict of interest between the Investment Adviser and the Fund s common shareholders. There can be no assurance that a leveraging strategy will be used or that it will be successful during any period in which it is used. The use of leverage involves significant risks. See Principal Risks of the Fund Leverage Risk.

Certain numbers and percentages in this prospectus have been rounded for ease of presentation, which may result in amounts not totaling precisely.

Please read this prospectus carefully before deciding whether to invest and retain it for future reference. Information required to be in the Fund s Statement of Additional Information is found in this prospectus. It sets forth concisely the information about the Fund that a prospective investor ought to know before investing in the Fund. Copies of the Fund s annual and semi-annual reports, when available, may be obtained upon request, without charge, by calling toll-free (800) 662-7232 and also will be made available on the Fund s website at www.swankcapital.com. You may also call this toll-free telephone number to request other information about the Fund or to make shareholder inquiries. Information on, or accessible through, the Fund s website is not a part of, and is not incorporated into, this prospectus. The SEC maintains an internet website (www.sec.gov) that contains other information regarding the Fund.

The Fund s common shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depositary institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

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

TABLE OF CONTENTS

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations not contained in this prospectus as if the Fund had authorized it. The Fund is offering to sell, and seeking offers to buy, common shares only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of common shares. The Fund will amend this prospectus if, during the period that this prospectus is required to be delivered, there are any material changes subsequent to the date of this prospectus.

Table of Contents

PROSPECTUS SUMMARY

This is only a summary. This summary does not contain all of the information that an investor should consider before investing in the Fund s common shares. You should review the more detailed information contained in this prospectus. In particular, you should carefully read the risks of investing in the common shares, as discussed under Principal Risks of the Fund.

The Fund	The Cushing MLP Total Return Fund is a newly organized, non-diversified, closed-end management investment company registered under the 1940 Act. Throughout this prospectus, The Cushing MLP Total Return Fund is referred to simply as the Fund or as we, us or our. See Fund.
The Offering	The Fund is offering shares of beneficial interest at \$20.00 per share through a group of underwriters led by Morgan Stanley & Co. Incorporated and Deutsche Bank Securities Inc. The common shares of beneficial interest are called common shares in the rest of this prospectus. You must purchase at least 100 common shares (\$2,000) in order to participate in this offering. The Fund has given the underwriters an option to purchase up to additional common shares to cover over-allotments. The Investment Adviser has agreed to pay (i) the organizational expenses of the Fund and (ii) offering expenses (other than sales load) that exceed \$0.04 per common share. See Underwriters.
Who May Want to Invest	Investors should consider their own investment goals, time horizon and risk tolerance before investing in the Fund. An investment in the Fund may not be appropriate for all investors and is not intended to be a complete investment program. The Fund may be an appropriate investment for you if you are seeking: The opportunity for an attractive total return through capital appreciation and current income, in a fund managed by an experienced team of portfolio and investment professionals. Low correlation with broader equity or fixed income markets. Exposure to a growing sub-sector of the natural resource universe which benefits from a tax-advantaged structure, and which owns and operates integral infrastructure energy assets that are essential in meeting the growing demand from energy producers and consumers. Access through a single investment vehicle to a portfolio of public, PIPE, and private securities issued by MLPs and Other Natural Resource Companies (not otherwise available to the general public) researched and sourced by experienced investment professionals at Swank Energy Income Advisors, LP.

However, an investment in the Fund involves certain associated investment risks. See Principal Risks of the Fund.

An Investment in the Fund vs. Direct Investment in MLPs

The Investment Adviser believes that an investment in the Fund has certain advantages over direct investment in MLPs, such as:

Exposure to the MLP asset class through an investment vehicle that will provide common shareholders with a single IRS form 1099.

1

Table of Contents

Direct investors in MLPs receive an IRS schedule K-1 from each MLP in which they invest.

Access to an investment vehicle that will not require shareholders to file state income tax returns in any state in which such investor is not otherwise required to file a tax return. Direct investors in an MLP are considered limited partners and may be required to file state income tax returns in each state in which the MLP operates.

Ability for the Fund s common shareholders that are tax-exempt investors to avoid having the Fund s distributions classified as unrelated business taxable income (UBTI), unless such investor s common shares are debt-financed. A portion of income received by tax-exempt investors directly from MLPs is generally treated as UBTI.

Ability for non-U.S. shareholders to avoid being directly subject to regular net based U.S. federal income tax and return filing requirements with respect to investments in MLPs, provided such non-U.S. shareholder s investment in the Fund is not effectively connected with the conduct of a trade or business in the United States by such shareholder.
Non-U.S. shareholders would be subject to regular net based U.S. federal income tax on income from direct investments in master limited partnerships treated as effectively connected with a U.S. trade or business.

Ability for the Fund s common shareholders to not be limited by the Code s passive activity loss rules with respect to any losses resulting from the purchase and sale of common shares, as the Fund is taxed as a corporation. The passive activity loss rules limit the ability of certain direct investors in MLPs to use their allocable share of any losses generated by an MLP to offset income from other activities.

Investment Objective and Policies

The Fund s investment objective is to obtain a high after-tax total return from a combination of capital appreciation and current income. There can be no assurance that the Fund s investment objective will be achieved. The Fund intends to focus its investments in MLPs with operations in the development, production, processing, refining, transportation, storage and marketing of natural resources.

The Fund will generally seek to invest in 20 to 30 issuers with generally no more than 10% of Managed Assets in any one issue, and no more than 15% of Managed Assets in any one issuer (for purposes of this limit, an issuer includes both the master limited partnership or limited liability company, as well as its controlling general partner or managing member), in each case, determined at the time of investment. For purposes of this calculation, an issue is a class of an issuer s securities or a derivative security that tracks that class of securities. Among other things, the Investment Adviser will use fundamental and proprietary research to seek to identify the most attractive MLPs and will seek to invest in MLPs that have distribution growth prospects that, in the Investment Adviser s view, are high relative to comparable MLPs and that are not fully reflected in current pricing. The Investment Adviser believes that the MLPs most likely to offer such attractive investment characteristics are those that are relatively small and have proven and motivated management teams that are able to develop projects organically (greenfield or internally developed) and/or to successfully identify, acquire and integrate assets and companies that enhance value to shareholders. As part of the Fund s 80% MLP investment policy, the Investment Adviser will also seek to invest in MLPs or other entities that hold the general partner or managing member interest and incentive distribution rights in master limited partnerships (GP MLPs). The Investment Adviser believes the distribution growth prospects of many GP MLPs are high relative to many other master limited partnerships and the Investment Adviser will seek to invest in GP MLPs where the Investment Adviser believes that such growth is not fully reflected in current pricing. Like master limited partnerships with strong distribution growth prospects, GP MLPs with strong growth prospects often trade at prices which result in relatively low current yields. Since the Investment Adviser will seek to maximize total return through a focus on master limited partnerships and GP MLPs with strong distribution growth prospects, the Investment Adviser believes the distribution yield of the Fund will be lower than it would be under a more diversified investment approach.

The Investment Adviser will seek to invest in IPOs and secondary market issuances, PIPE transactions and privately negotiated transactions, including pre-acquisition and pre-IPO equity issuances and investments in private companies.

The Fund will seek to achieve its investment objective by investing, under normal market conditions, at least 80% of its net assets, plus any borrowings for investment purposes, in MLP investments. Entities commonly referred to as MLPs are taxed as partnerships for federal income tax purposes, and are generally organized under state law as limited partnerships or limited liability companies. If publicly traded, MLPs must derive at least 90% of their gross income from qualifying sources as described in Section 7704 of the Code. For purposes of the Fund s 80% policy, MLP investments are investments that offer economic exposure to public and private MLPs in the form of common or subordinated units issued by MLPs, securities of entities holding primarily general partner or managing member interests in MLPs, debt securities of MLPs, and securities that are derivatives of interests in MLPs.

The Fund may invest up to 50% of its Managed Assets in securities of MLPs and Other Natural Resource Companies that are not publicly traded, or that are otherwise restricted securities. For purposes of this limitation, restricted securities include (i) registered securities of public companies subject to a lock-up period greater than 30 days, (ii) unregistered securities of public companies with registration rights until such securities are registered for resale by the Fund, or until they become freely tradable with the passage of time, and (iii) securities of companies that have no class of registered or publicly offered securities (privately held companies). The Fund does not intend to invest more than 25% of its Managed Assets in securities of privately held companies.

3

Table of Contents

The Fund may invest up to 20% of its Managed Assets in securities of companies that are not MLPs, including Other Natural Resource Companies, and U.S. and non-U.S. issuers that may not constitute Other Natural Resource Companies. These investments may include securities such as partnership interests, limited liability company interests or units, trust units, common stock, preferred stock, convertible securities, warrants and depositary receipts, debt securities, exchange traded notes (ETNs) (typically, unsecured, unsubordinated debt securities that trade on a securities exchange and are designed to replicate the returns of market benchmarks minus applicable fees), and securities issued by investment companies registered under the 1940 Act including exchange traded funds (ETFs). The Investment Adviser anticipates that the Fund will generally invest in ETFs or ETNs that focus their investments on the energy natural resources, utility, real estate or banking industries.

The Fund may invest up to 20% of its Managed Assets in debt securities of MLPs, Other Natural Resource Companies and other issuers. Any securities issued by MLPs, including debt securities, will count towards the Fund s 80% MLP investment policy.

Each percentage limitation applicable to the Fund s portfolio described in this prospectus applies only at the time of investment in the asset to which the percentage limitation applies, and the Fund will not be required to sell securities due to subsequent changes in the value of the securities it owns. The Fund may invest in companies of any market capitalization.

At the time of this offering, the Fund does not intend to invest directly in commodities, although the Fund s investments in some MLPs will expose it to risks similar to risks arising from investing in commodities.

The Fund may, but is not required to, write, purchase or sell put or call options on securities, equity or fixed-income indices or other instruments, write, purchase or sell futures contracts or options on futures, or enter into various transactions such as swaps, caps, floors or collars (collectively, Strategic Transactions).

The Fund s investment objective and percentage parameters, including its 80% MLP investment policy, are not fundamental policies of the Fund and may be changed without shareholder approval. Shareholders, however, will be notified in writing of any change at least 60 days prior to effecting any such change.

The Fund s common shares have no previous trading history. Shares of closed-end funds frequently trade at discounts to their net asset value. If the Fund s common shares trade at a discount to their net asset value, the risk of loss may increase for purchasers in this offering. This risk may be greater for investors who expect to sell their common shares in a relatively short period after completion of the public offering.

The Fund s Investments	The Fund will invest primarily in the securities of MLPs, other equity securities, debt securities and securities of non-U.S. issuers as described below.

MLPs

Master limited partnerships are formed as limited partnerships or limited liability companies and taxed as partnerships for federal income tax purposes. The securities issued by many master limited partnerships are listed and traded on a U.S. exchange. A master limited partnership typically issues general partner and limited partner interests, or managing member and member interests. The general partner or managing member manages and often controls, has an ownership stake in, and is normally eligible to receive incentive distribution payments from, the master limited partnership. To be treated as a partnership for U.S. federal income tax purposes, a master limited partnership must derive at least 90% of its gross income for each taxable year from qualifying sources as described in Section 7704 of the Code. These qualifying sources include natural resource-based activities such as the exploration, development, mining, production, processing, refining, transportation, storage and marketing of mineral or natural resources. The general partner or managing member may be structured as a private or publicly traded corporation or other entity. The general partner or managing member typically control the operations and management of the entity through an up to 2% general partner or managing member interest in the entity plus, in many cases, ownership of some percentage of the outstanding limited partner or member interests. The limited partners or members, through their ownership of limited partner or member interests, provide capital to the entity, are intended to have no role in the operation and management of the entity and receive cash distributions. Due to their structure as partnerships for U.S. federal income tax purposes, master limited partnerships generally do not pay federal income taxes. Thus, unlike investors in corporate securities, direct master limited partnership investors are generally not subject to double taxation (i.e., corporate level tax and tax on corporate dividends). Currently, most master limited partnerships operate in the energy and midstream, natural resources, shipping or real estate sectors.

MLP Equity Securities. Equity securities issued by master limited partnerships typically consist of common and subordinated units (which represent the limited partner or member interests) and a general partner or managing member interest.

Common Units. The common units of many master limited partnerships are listed and traded on national securities exchanges, including the New York Stock Exchange (the NYSE), the American Stock Exchange (the AMEX), and the NASDAQ Stock Market (the NASDAQ). The Fund will typically purchase such common units through open market transactions and underwritten offerings, but may also acquire common units through direct placements and privately negotiated transactions. Holders of master limited partnership common units typically have very limited control and voting rights. Holders of such common units are typically entitled to receive quarterly cash distributions up to an established minimum amount (the minimum quarterly distribution or MQD), including arrearage rights, from the issuer. Generally, a master limited partnership must pay (or set aside for payment) the

MQD to holders of common units before any distributions may be paid to subordinated unit holders. In addition, incentive distributions are typically not paid to the general partner or managing member unless the quarterly distributions on the common units exceed specified threshold levels above the MQD. Master limited partnerships also issue different classes of common units that may have different voting, trading, and distribution rights. The Fund may invest in different classes of common units.

Subordinated Units. Subordinated units, which, like common units, represent limited partner or member interests, are not typically listed on an exchange or publicly traded. The Fund will typically purchase outstanding subordinated units through negotiated transactions directly with holders of such units or newly-issued subordinated units directly from the issuer. Holders of such subordinated units are generally entitled to receive a distribution only after the MQD and any arrearages from prior quarters have been paid to holders of common units. Holders of subordinated units typically have the right to receive distributions at and above the MQD before any incentive distributions are payable to the general partner or managing member. Subordinated units generally do not provide arrearage rights. Most master limited partnership subordinated units are convertible into common units after the passage of a specified period of time or upon the achievement by the issuer of specified financial goals. Master limited partnerships also issue different classes of subordinated units that may have different voting, trading, and distribution rights. The Fund may invest in different classes of subordinated units.

General Partner or Managing Member Interests. The general partner or managing member interest in master limited partnerships or limited liability companies is typically retained by the original sponsors of a master limited partnership or limited liability company, such as its founders, corporate partners and entities that sell assets to the master limited partnership or limited liability company. The holder of the general partner or managing member interest can be liable in certain circumstances for amounts greater than the amount of the holder s investment in the general partner or managing member. General partner or managing member interests often confer direct board participation rights in, and in many cases control over the operations of, the entity. General partner or managing member interests can be privately held or owned by publicly traded entities. General partner or managing member interests receive cash distributions, typically in an amount of up to 2% of available cash, which is contractually defined in the partnership or limited liability company agreement. In addition, holders of general partner or managing member interests typically receive incentive distribution rights, which provide them with an increasing share of the entity s aggregate cash distributions upon the payment of per unit distributions that exceed specified threshold levels above the MQD. Due to the incentive distribution rights, GP MLPs have higher distribution growth prospects than their underlying master limited partnerships, but quarterly incentive distribution payments would also decline at a greater rate than the decline rate in quarterly distributions to

Table of Contents

common and subordinated unit holders in the event of a reduction in the master limited partnership s quarterly distribution. The ability of the limited partners or members to remove the general partner or managing member without cause is typically very limited. In addition, some master limited partnerships permit the holder of incentive distribution rights to reset, under specified circumstances, the incentive distribution levels and receive compensation in exchange for the incentive distribution rights given up in the reset.

I-Shares. I-Shares represent an ownership interest issued by an MLP affiliate. The MLP affiliate uses the proceeds from the sale of I-Shares to purchase limited partnership interests in the MLP in the form of I-units. Thus, I-Shares represent an indirect limited partner interest in the master limited partnership. I-units have features similar to MLP common units in terms of voting rights, liquidation preference and distribution. I-Shares differ from MLP common units primarily in that instead of receiving cash distributions, holders of I-Shares will receive distributions of additional I-Shares in an amount equal to the cash distributions received by common unit holders. I-Shares are traded on the NYSE or the AMEX. For purposes of the Fund s 80% policy, securities that are derivatives of interests in MLPs are I-Shares or derivative securities that otherwise have economic characteristics of MLP securities.

Other Equity Securities

The Fund may invest in equity securities of issuers other than MLPs, including common stocks of Other Natural Resource Companies and issuers engaged in other sectors, including the finance and real estate sectors. Such issuers may be organized and/or taxed as corporations and therefore may not offer the advantageous tax characteristics of master limited partnership units.

Debt Securities

The Fund may invest in debt securities rated, at the time of investment, at least (i) B3 by Moody s Investors Service, Inc., (ii) B- by Standard & Poor s or Fitch Ratings, or (iii) a comparable rating by another rating agency, provided, however, that the Fund may invest up to 5% of the Fund s Managed Assets in lower rated or unrated debt securities. Debt securities rated below investment grade are commonly known as junk bonds and are regarded as predominantly speculative with respect to the issuer s capacity to pay interest and repay principal in accordance with the terms of the obligations, and involve major risk exposure to adverse conditions.

Non-U.S. Securities

The Fund may invest in non-U.S. securities, including, among other things, non-U.S. securities represented by American Depositary Receipts, or ADRs. ADRs are certificates evidencing ownership of shares of a non-U.S. issuer that are issued by depositary banks and generally trade on an established market in the United States or elsewhere.

7

Table of Contents

Investment Characteristics

The Investment Adviser believes that the following characteristics of MLPs make them attractive investments:

Many MLPs are utility-like in nature and have relatively stable, predictable cash flows.

MLPs provide services which help meet the largely inelastic demand of U.S. energy consumers.

Transportation assets in the interstate and intrastate pipeline sector are typically backed by relatively long-term contracts and stable transportation rates (or tariffs) that are regulated by the U.S. Federal Energy Regulatory Commission (FERC) or by state regulatory commissions.

High barriers to entry may protect the business model of some MLPs, since construction of the physical assets typically owned by these MLPs generally requires significant capital expenditures and long lead times.

As the location and quality of natural resource supplies change, new midstream infrastructure such as gathering and transportation pipelines, treating and processing facilities, and storage facilities is needed to meet these new logistical needs. Similarly, as the demographics of demand centers change, new infrastructure is often needed. MLPs are integral providers of these midstream needs.

Requirements for new and additional transportation fuel compositions (e.g., reduced sulfur diesel and ethanol blends) require additional logistical assets. MLPs are integral providers of these logistical needs.

Midstream assets are typically long-lived and tend to retain their economic value, and the risk of technological obsolescence is low.

Master limited partnerships are pass-through entities and do not pay federal income taxes at the entity level. In general, a portion of their distributions are treated as a return of capital (that is, a payback of invested capital).

In addition to their growth potential, MLP investments are currently offering higher yields than some investments, such as utilities and real estate investment trusts (REITs). Of course, there can be no guarantee that the MLP investments in the Fund s portfolio will generate higher yields than these other asset classes, and since the Investment Adviser will seek to maximize total return through a focus on master limited partnerships and GP MLPs with strong distribution growth prospects, the Investment Adviser believes the distribution yield of the Fund will be lower than it would be under a more diversified investment approach.

	An investment in MLPs also involves risks, some of which are described below under Principal Risks of the Fund.
Investment Adviser	The Fund s investments will be managed by its Investment Adviser, Swank Energy Income Advisors, LP. The Investment Adviser is also investment adviser to the Affiliated Funds, which invest primarily in securities of MLPs and Other Natural Resource Companies and global

commodities. Since 2003, the Investment Adviser has managed the Affiliated Funds with a focus on achieving a high after-tax total return from a combination of capital appreciation and current income (as opposed to relative performance against a benchmark index). The Investment Adviser seeks to identify and exploit investment niches it believes are generally less understood and less followed by the broader investor community.

As of May 1, 2007, the Investment Adviser managed approximately $2 billion in assets on behalf of institutional and private investors around the world.

The Fund has agreed to pay the Investment Adviser, as compensation for the services rendered by it, a management fee equal on an annual basis to 1.25% of the Fund s Managed Assets. See Management of the Fund Investment Management Agreement.

Competitive Strengths

The Investment Adviser considers itself one of the principal professional institutional investors in the MLP space based on the following:

An investment team with extensive experience in MLP analysis and investment, portfolio management, risk management, and private securities transactions.

A focus on bottom-up, fundamental analysis performed by its experienced investment team.

The investment team s wide range of professional backgrounds, market knowledge, industry relationships, and experience in the analysis, financing, and structuring of MLP investments give the Investment Adviser insight into, and the ability to identify and capitalize on, investment opportunities in MLPs and Other Natural Resource Companies.

Its central location in Dallas, Texas and proximity to major players and assets in the MLP space.

Administrator

U.S. Bancorp Fund Services, LLC (the Administrator) will provide the Fund with administrative services. The Administrator also serves as fund accountant. See Other Service Providers

Distributions

Commencing with the Fund s initial distribution, the Fund intends to make regular quarterly cash distributions of all or a portion of its income to its common shareholders. The Fund expects to declare the initial quarterly dividend on the Fund s common shares and pay its initial distribution within approximately 120 days after the completion of this offering.

The Fund anticipates that, due to the tax characterization of cash distributions made by master limited partnerships, a significant portion of the Fund s distributions to common shareholders will consist of tax-advantaged return of capital for U.S. federal income tax purposes. In general, a distribution will constitute a return of capital to a common shareholder, rather than a dividend, to the extent such distribution exceeds the Fund s current and accumulated earnings and profits. The portion of any distribution treated as a return of capital will not be subject to tax currently, but will result in a corresponding reduction in a shareholder s basis in our common shares and in the shareholder s recognizing more gain or less loss (that is, will result in an increase of a shareholder s tax liability) when the shareholder later sells or exchanges our common shares. To permit it to maintain a more stable quarterly distribution rate, the Fund may distribute less or more than the entire amount of cash it receives from its investments in a particular period. Any undistributed cash would be available to supplement future distributions, and until distributed would add to the Fund s net asset value. Correspondingly, such amounts, once distributed, will be deducted from the Fund s net asset value. See Distributions and Dividend Reinvestment Plan. Shareholders will automatically have all distributions reinvested in common shares issued by the Fund or common shares of the Fund purchased on the open market in accordance with the Fund s dividend reinvestment plan unless an election is made to receive cash. See Distributions and Dividend Reinvestment Plan. Common shareholders who receive dividends in the form of additional common shares will be subject to the same U.S. federal, state and local tax consequences as common shareholders who elect to receive their dividends in cash.

Use of Leverage

The Fund may seek to enhance its total returns through the use of financial leverage, which may include the issuance of Preferred Shares and other Leverage Instruments, in each case within the applicable limits of the 1940 Act. The Fund expects that it will initially leverage through borrowings in an aggregate amount of up to approximately 331/3% of its Managed Assets (i.e., 50% of its net assets attributable to the Fund s common shares). The Fund in the future may decide to leverage through the issuance of Preferred Shares or other means. After that decision, total leverage of the Fund is expected to range between 20% to 50% of the Fund s Managed Assets, including any borrowings for investment purposes (i.e., 25% to 100% of its net assets attributable to the Fund s common shares). The Fund may borrow from banks and other financial institutions.

To the extent the Fund borrows, the Fund will create financial leverage. It will do so only when it expects to be able to invest the proceeds at a higher rate of return than its cost of borrowing.

The use of leverage for investment purposes creates opportunities for greater total returns but at the same time increases risk. When leverage is employed, the net asset value, market price of the common shares and the yield to holders of common shares may be more volatile. Any investment income or gains earned with respect to the amounts borrowed in excess of the interest due on the borrowing will augment the Fund s income. Conversely, if the investment performance with respect to the amounts borrowed fails to cover the interest on such borrowings, the value of the Fund s common shares may decrease more quickly than would otherwise be the case, and distributions on the common shares would be reduced or eliminated. Interest payments and fees incurred in connection with such borrowings will reduce the amount of net income available for distribution to common shareholders.

Table of Contents

Because the investment management fee paid to the Investment Adviser is calculated on the basis of the Fund s Managed Assets, which include the proceeds of leverage, the dollar amount of the management fee paid by the Fund to the Investment Adviser will be higher (and the Investment Adviser will be benefited to that extent) when leverage is utilized. The Investment Adviser will utilize leverage only if it believes such action would result in a net benefit to the Fund s shareholders after taking into account the higher fees and expenses associated with leverage (including higher management fees).

The Fund s leveraging strategy may not be successful. See Principal Risks of the Fund Leverage Risk.

Tax Treatment of the Fund

The Fund will be treated as a regular corporation, or C corporation, for U.S. federal income tax purposes. Accordingly, the Fund generally will be subject to U.S. federal income tax on its taxable income at the graduated rates applicable to corporations (currently at a maximum rate of 35%). In addition, as a regular corporation, the Fund may be subject to state income tax by reason of its investments in equity securities of MLPs. The Fund may be subject to a 20% alternative minimum tax on its alternative minimum taxable income to the extent that the alternative minimum tax exceeds the Fund s regular income tax liability. The Fund s payments of U.S. corporate income tax or alternative minimum tax could materially reduce the amount of cash available for the Fund to make distributions on the shares. In addition, distributions to shareholders of the Fund will be taxed under federal income tax laws applicable to corporate distributions, and thus the Fund s taxable income will be subject to a double layer of taxation.

Principal Risks of the Fund

General

Risk is inherent in all investing. The following discussion summarizes some of the risks that a potential investor should consider before deciding to purchase the Fund s common shares.

No Operating or Trading History. The Fund is a newly organized, non-diversified, closed-end management investment company and it has no operating or public trading history. Being a recently organized company, the Fund is subject to all of the business risks and uncertainties associated with any new business, including the risk that the Fund will not achieve its investment objective and that the value of an investment in the Fund could decline substantially.

Investment and Market Risk. An investment in the Fund s common shares is subject to investment risk, including the possible loss of an investor s entire investment. An investment in the Fund s common shares represents an indirect investment in the securities owned by the Fund, some of which will be traded on a national securities exchange or in the over-the-counter markets. The value of the securities in the Fund s portfolio, like other market investments, may move up or down, sometimes rapidly and unpredictably. The value of the securities in which the Fund invests will affect the value of its common shares. The Fund s common shares at any point in time may be worth less than at the time of original investment, even after taking into account the reinvestment of the Fund s dividends. The Fund is primarily a long-term investment vehicle and should not be used for short-term trading. An investment in the Fund s common shares is not intended to constitute a complete investment program and should not be viewed as such.

Market Discount From Net Asset Value Risk. Shares of closed-end funds frequently trade at discounts to their net asset value. This characteristic is a risk separate and distinct from the risk that the Fund s net asset value could decrease as a result of its investment activities and may be greater for investors expecting to sell their shares in a relatively short period following completion of this offering. The net asset value of the Fund s common shares will be reduced immediately following the offering as a result of the payment of certain offering costs. Although the value of the Fund s net assets is generally considered by market participants in determining whether to purchase or sell shares, whether investors will realize gains or losses upon the sale of the Fund s common shares will depend entirely upon whether the market price of its common shares at the time of sale is above or below the investor s purchase price for the Fund s common shares. Because the market price of the Fund s common shares will be affected by factors such as net asset value, dividend or distribution levels (which are dependent, in part, on expenses), supply of and demand for the Fund s common shares, stability of dividends or distributions, trading volume of the Fund s common shares, general market and economic conditions, and other factors beyond the control of the Fund, the Fund cannot predict whether its common shares will trade at, below or above net asset value or at, below or above the initial public offering price.

Sector Concentration Risk

Under normal market conditions, and once it is fully invested in accordance with its investment objective, the Fund will have at least 80% of its net assets, plus any borrowings for investment purposes, invested in MLP investments, which operate primarily in the natural resource sector. There are risks inherent in the natural resource sector and the businesses of MLPs and Other Natural Resource Companies, including those described below.

MLP and Other Natural Resource Company Risks

Commodity Price Risk. The return on the Fund s investments in MLPs and Other Natural Resource Companies will be dependent on the operating margins received and cash flows generated by those companies from the exploration for, and development, production, gathering, transportation, processing, storage, refining, distribution, mining or marketing of, coal, natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons. These operating margins and cash flows may fluctuate widely in response to a variety of factors, including global and domestic economic conditions, weather conditions, natural disasters, the supply and price of imported natural resources, political instability, conservation efforts and governmental regulation. Natural resource commodity prices have been very volatile in the past and such volatility is expected to continue. MLPs and Other Natural Resource Companies engaged in crude oil and natural gas exploration, development or production, natural gas gathering and processing, crude oil refining and transportation and coal mining or sales may be directly affected by their respective natural resource commodity prices. The volatility of, and interrelationships between, commodity prices can also indirectly affect certain MLPs and Other Natural Resource Companies due to the potential impact on the volume of commodities transported, processed, stored or distributed. Some MLPs or Other Natural Resource Companies that own the underlying energy commodity may be unable to effectively mitigate or manage direct margin exposure to commodity price levels. The prices of MLP and Other Natural Resource Companies securities can be adversely affected by market perceptions that their performance and distributions or dividends are directly tied to commodity prices.

Cyclicality Risk. The operating results of companies in the broader natural resource sector are cyclical, with fluctuations in commodity prices and demand for commodities driven by a variety of factors. Commodity prices and natural resource asset values are near historically high levels. The highly cyclical nature of the natural resource sector may adversely affect the earnings or operating cash flows of the MLPs and Other Natural Resource Companies in which the Fund will invest.

Supply Risk. The profitability of MLPs and Other Natural Resource Companies, particularly those involved in processing, gathering and pipeline transportation, may be materially impacted by the volume of natural gas or other energy commodities available for transportation, processing, storage or distribution. A significant decrease in the production of natural gas, crude oil, coal or other energy commodities, due to the decline of production from existing resources, import supply disruption, depressed commodity prices or otherwise, would reduce the revenue, operating income and operating cash flows of MLPs and Other Natural Resource Companies and, therefore, their ability to make distributions or pay dividends.

Demand Risk. A sustained decline in demand for coal, natural gas, natural gas liquids, crude oil and refined petroleum products could adversely affect an MLP s or an Other Natural Resource Company s revenues and cash flows. Factors that could lead to a sustained decrease in market demand include a recession or other adverse economic conditions, an increase in the market price of the underlying commodity that is not, or is not expected to be, merely a short-term increase, higher taxes or other regulatory actions that increase costs, or a shift in consumer demand for such products. Demand may also be adversely affected by consumer sentiment with respect to global warming and by state or federal legislation intended to promote the use of alternative energy sources.

Risks Relating to Expansions and Acquisitions. MLPs and Other Natural Resource Companies employ a variety of means to increase cash flow, including increasing utilization of existing facilities, expanding operations through new construction or development activities, expanding operations through acquisitions, or securing additional long-term contracts. Thus, some MLPs or Other Natural Resource Companies may be subject to construction risk, development risk, acquisition risk or other risks arising from their specific business strategies. MLPs and Other Natural Resource Companies that attempt to grow through acquisitions may not be able to effectively integrate acquired operations with their existing operations. In addition, acquisition or expansion projects may not perform as anticipated. A significant slowdown in merger and acquisition activity in the natural resource sector could reduce the growth rate of cash flows received by the Fund from MLPs and Other Natural Resource Companies that grow through acquisitions.

Competition Risk. The natural resource sector is highly competitive. The MLPs and Other Natural Resource Companies in which the Fund will invest will face substantial competition from other companies, many of which will have greater financial, technological, human and other resources, in acquiring natural resource assets, obtaining and retaining customers and contracts and hiring and retaining qualified personnel. Larger companies may be able to pay more for assets and may have a greater ability to continue their operations during periods of low commodity prices. To the extent that the MLPs and Other Natural Resource Companies in which the Fund will invest are unable to compete effectively, their operating results, financial position, growth potential and cash flows may be adversely affected, which could in turn adversely affect the results of the Fund.

Weather Risk. Extreme weather conditions, such as Hurricane Ivan in 2004 and Hurricanes Katrina and Rita in 2005, could result in substantial damage to the facilities of certain MLPs and Other Natural Resource Companies located in the affected areas and significant volatility in the supply of natural resources, commodity prices and the earnings of MLPs and Other Natural Resource Companies, and could therefore adversely affect their securities.

Interest Rate Risk. The prices of the equity and debt securities of the MLPs and Other Natural Resource Companies the Fund expects to hold in its portfolio are susceptible in the short term to a decline when interest rates rise. Rising interest rates could limit the capital appreciation of securities of certain MLPs as a result of the increased availability of alternative investments with yields comparable to those of MLPs. Rising interest rates could adversely impact the financial performance of MLPs and Other Natural Resource Companies by increasing their cost of capital. This may reduce their ability to execute acquisitions or expansion projects in a cost effective manner.

MLP Structure Risk. Holders of MLP units are subject to certain risks inherent in the structure of MLPs, including (i) tax risks (described further below), (ii) the limited ability to elect or remove management or the general partner or managing member (iii) limited voting rights, except with respect to extraordinary transactions, and (iv) conflicts of interest between the general partner or managing member and its affiliates, on the one hand, and the limited partners or members, on the other hand, including those arising from incentive distribution payments or corporate opportunities.

Table of Contents

Sub-Sector Specific Risk. MLPs and Other Natural Resource Companies are also subject to risks that are specific to the particular sub-sector of the natural resources sector in which they operate.

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

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

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

Propane. Propane companies are subject to earnings variability based upon weather patterns in the locations where they operate and increases in the wholesale price of propane which reduce profit margins. In addition, propane companies are facing increased competition due to the growing availability of natural gas, fuel oil and alternative energy sources for residential heating.

Coal. Coal companies are subject to declines in the demand for and prices of coal. Demand variability can be based on weather conditions, the strength of the domestic economy, the level of coal stockpiles in their customer base, and the prices of competing sources of fuel for electric generation. They are also subject to supply variability based on geological conditions that reduce the productivity of mining operations, the availability of regulatory permits for mining activities and the availability of coal that meets the standards of the federal Clean Air Act of 1990, as amended (the Clean Air Act). Demand and prices for coal may also be affected by current and proposed regulatory limitations on emissions from coal-fired power plants and the facilities of other coal end users. Such limitations may reduce demand for the coal produced and transported by coal companies. Certain coal companies could face declining revenues if they are unable to acquire additional coal reserves or other mineral reserves that are economically recoverable.

Marine shipping. Marine shipping companies are subject to supply of and demand for, and level of consumption of, natural gas, liquefied natural gas, crude oil, refined petroleum products and liquefied petroleum gases in the supply and market areas they serve, which affect the demand for marine shipping services and therefore charter rates. Shipping companies vessels and cargoes are also subject to the risk of being damaged or lost due to marine disasters,

extreme weather, mechanical failures, grounding, fire, explosions, collisions, human error, piracy, war and terrorism. Some vessels may also require replacement or significant capital improvements earlier than otherwise required due to changing regulatory standards. Shipping companies or their ships may be chartered in any country and the Fund s investments in such issuers may be subject to risks similar to risks related to investments in non-U.S. securities.

Cash Flow Risk. The Fund will derive substantially all of its cash flow from investments in equity securities of MLPs and Other Natural Resource Companies. The amount of cash that the Fund has available to distribute to shareholders will depend on the ability of the MLPs and Other Natural Resource Companies in which the Fund has an interest to make distributions or pay dividends to their investors and the tax character of those distributions or dividends. The Fund will likely have no influence over the actions of the MLPs in which it invests with respect to the payment of distributions or dividends, and may only have limited influence over Other Natural Resource Companies in that regard. The amount of cash that any individual MLP or Other Natural Resource Company can distribute to its investors, including the Fund, will depend on the amount of cash it generates from operations, which will vary from quarter to quarter depending on factors affecting the natural resource sector generally and the particular business lines of the issuer. Available cash will also depend on the MLP s or Other Natural Resource Company s operating costs, capital expenditures, debt service requirements, acquisition costs (if any), fluctuations in working capital needs and other factors. The cash that a master limited partnership will have available for distribution will also depend on the incentive distributions payable to its general partner or managing member in connection with distributions paid to its equity investors.

Regulatory Risk. The profitability of MLPs and Other Natural Resource Companies could be adversely affected by changes in the regulatory environment. MLPs and Other Natural Resource Companies are subject to significant foreign, federal, state and local regulation in virtually every aspect of their operations, including with respect to how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for the products and services they provide. Such regulation can change over time in both scope and intensity. For example, a particular by-product may be declared hazardous by a regulatory agency and unexpectedly increase production costs. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may adversely affect the financial performance of MLPs and Other Natural Resource Companies.

Specifically, the operations of wells, gathering systems, pipelines, refineries and other facilities are subject to stringent and complex federal, state and local environmental laws and regulations. These include, for example:

Table of Contents

the federal Clean Air Act and comparable state laws and regulations that impose obligations related to air emissions;

the federal Clean Water Act and comparable state laws and regulations that impose obligations related to discharges of pollutants into regulated bodies of water;

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

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

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

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

Proposals for voluntary initiatives and mandatory controls are being discussed both in the United States and worldwide to reduce emissions of greenhouse gases such as carbon dioxide, a by-product of burning fossil fuels, and methane, the major constituent of natural gas, which many scientists and policymakers believe contribute to global climate change. These measures, if adopted, could result in increased costs to certain companies in which the Fund may invest to operate and maintain Natural Resource facilities and administer and manage a greenhouse gas emissions program.

In the wake of a recent Supreme Court decision holding that the Environmental Protection Agency (EPA) has some legal authority to deal with climate change under the Clean Air Act, the federal government announced on May 14, 2007 that the EPA and the Departments of Transportation, Energy, and Agriculture would jointly write regulations to cut gasoline use and control greenhouse gas emissions from cars and trucks. These measures if adopted could reduce demand for energy or raise prices, which may adversely affect the total return of certain of the Fund s investments.

Affiliated Party Risk. Certain MLPs and Other Natural Resource Companies are dependent on their parents or sponsors for a majority of their revenues. Any failure by an MLP s or an Other Natural Resource Company s parents or sponsors to satisfy their payments or obligations would impact the MLP s or Other Natural Resource Company s revenues and cash flows and ability to make distributions. Moreover, the terms of an MLP s or an Other Natural Resource Company s transactions with its parent or sponsor are typically not arrived at on an arm s-length basis, and may not be as favorable to the MLP or Other Natural Resource Company as a transaction with a non-affiliate.

Catastrophe Risk. The operations of MLPs and Other Natural Resource Companies are subject to many hazards inherent in the exploration for, and development, production, gathering, transportation, processing, storage, refining, distribution, mining or marketing of coal, natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons, including: damage to production equipment, pipelines, storage tanks or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters or by acts of terrorism; inadvertent damage from construction or other equipment; leaks of natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons; and fires and explosions. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage, and may result in the curtailment or suspension of their related operations. Not all MLPs or Other Natural Resource Companies are fully insured against all risks inherent to their businesses. If a significant accident or event occurs that is not fully insured, it could adversely affect the MLP s or Other Natural Resource Company s operations and financial condition.

Risks Associated with an Investment in IPOs

Securities purchased in IPOs are often subject to the general risks associated with investments in companies with small market capitalizations, and typically to a heightened degree. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in an IPO may be highly volatile. At any particular time or from time to time, the Fund may not be able to invest in IPOs, or to invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be available to the Fund. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. The investment performance of the Fund during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when it is able to do so.

IPO securities may be volatile, and the Fund cannot predict whether investments in IPOs will be successful. As the Fund grows in size, the positive effect of IPO investments on the Fund may decrease.

Risks Associated with an Investment in PIPE Transactions

PIPE investors purchase securities directly from a publicly traded company in a private placement transaction, typically at a discount to the market price of the company s common stock. Because the sale of the securities is not registered under the Securities Act of 1933, as amended (the Securities Act), the securities are restricted and cannot be immediately resold by the investors into the public markets. Accordingly, the company typically agrees as part of the PIPE deal to register the restricted securities with the SEC. PIPE securities may be deemed illiquid.

Privately Held Company Risk

Investing in privately held companies involves risk. For example, privately held companies are not subject to SEC reporting requirements, are not required to maintain their accounting records in accordance with generally accepted accounting principles, and are not required to maintain effective internal controls over financial reporting. As a result, the Investment Adviser may not have timely or accurate information about the business, financial condition and results of operations of the privately held companies in which the Fund invests. In addition, the securities of privately held companies are generally illiquid, and entail the risks described under Liquidity Risk below.

Liquidity Risk

The investments made by the Fund, including investments in MLPs, may be illiquid and consequently the Fund may not be able to sell such investments at prices that reflect the Investment Adviser s assessment of their value, the value at which the Fund is carrying the securities on its books or the amount paid for such investments by the Fund. Furthermore, the nature of the Fund s investments may require a long holding period prior to profitability.

Although the equity securities of the MLPs and Other Natural Resource Companies in which the Fund invests generally trade on major stock exchanges, certain securities may trade less frequently, particularly those with smaller capitalizations. Securities with limited trading volumes may display volatile or erratic price movements. Investment of the Fund s capital in securities that are less actively traded or over time experience decreased trading volume may restrict the Fund s ability to take advantage of other market opportunities.

The Fund also expects to invest in unregistered or otherwise restricted securities. Unregistered securities are securities that cannot be sold publicly in the United States without registration under the Securities Act, unless an exemption from such registration is available.

Table of Contents

Restricted securities may be more difficult to value and the Fund may have difficulty disposing of such assets either in a timely manner or for a reasonable price. In order to dispose of an unregistered security, the Fund, where it has contractual rights to do so, may have to cause such security to be registered. A considerable period may elapse between the time the decision is made to sell the security and the time the security is registered so that the Fund could sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and acquiror of the securities. The Fund would, in either case, bear the risks of any downward price fluctuation during that period. The difficulties and delays associated with selling restricted securities could result in the Fund s inability to realize a favorable price upon disposition of such securities, and at times might make disposition of such securities impossible.

Tax Risks

In addition to other risk considerations, an investment in the Fund s common shares will involve certain tax risks, including, but not limited to, the risks summarized below and discussed in more detail elsewhere in this prospectus. Tax matters are complicated, and the foreign and U.S. federal, state and local tax consequences of the purchase and ownership of the Fund s common shares will depend on the facts of each investor s situation. Prospective investors are encouraged to consult their own tax advisers regarding the specific tax consequences that may affect such investors.

Tax Law Changes. Changes in tax laws, regulations or interpretations of those laws or regulations in the future could adversely affect the Fund or the MLPs or Other Natural Resource Companies in which the Fund will invest. Any such changes could negatively impact the Fund s common shareholders. Legislation could also negatively impact the amount and tax characterization of dividends received by the Fund s common shareholders. Federal legislation has reduced the tax rate on qualified dividend income to the rate applicable to long-term capital gains, which is generally 15% for individuals, provided a holding period requirement and certain other requirements are met. This reduced rate of tax on dividends is currently scheduled to revert to ordinary income tax rates for taxable years beginning after December 31, 2010, and the 15% federal income tax rate for long-term capital gains is scheduled to revert to 20% for such taxable years.

Tax Risk of MLPs. The Fund s ability to meet its investment objective will depend partially on the amounts of taxable income, distributions and dividends it receives from the securities in which it will invest, a factor over which it has no control. The benefit the Fund will derive from its investment in master limited partnerships is largely dependent on the master limited partnership s being treated as partnerships for federal income tax purposes. As a partnership, a master limited partnership has no federal income tax liability at the entity level. If, as a result of a change in current law or a change in a master limited partnership s business, a master limited partnership were to be treated as a corporation for federal income tax purposes, it would be subject to federal income tax on its income at the graduated tax rates

Table of Contents

applicable to corporations (currently a maximum rate of 35%). In addition, if a master limited partnership were to be classified as a corporation for federal income tax purposes, the amount of cash available for distribution by it would be reduced and distributions received by the Fund from it would be taxed under federal income tax laws applicable to corporate distributions (as dividend income, return of capital, or capital gain). Therefore, treatment of master limited partnerships as corporations for federal income tax purposes would result in a reduction in the after-tax return to the Fund, likely causing a reduction in the value of the Fund s common shares.

Deferred Tax Risks of MLPs. As a limited partner or member in the MLPs in which the Fund will invest, the Fund will be required to include in its taxable income its allocable share of income, gains, losses, deductions, and credits from those master limited partnerships, regardless of whether they distribute any cash to the Fund. Historically, a significant portion of the income from master limited partnerships has been offset by tax deductions. The Fund will incur a current tax liability on its allocable share of a master limited partnership s income and gains that is not offset by tax deductions, losses and credits, or its net operating loss carryforwards, if any. The portion, if any, of a distribution received by the Fund from a master limited partnership that is offset by the master limited partnership s tax deductions, losses or credits will be treated as a tax-advantaged return of capital. However, those distributions will reduce the Fund s adjusted tax basis in the equity securities of the master limited partnership, which will result in an increase in the amount of gain (or decrease in the amount of loss) that will be recognized by the Fund for tax purposes upon the sale of any such equity securities or upon subsequent distributions in respect of such equity securities. The percentage of a master limited partnership s income and gains that is offset by tax deductions, losses and credits will fluctuate over time for various reasons. A significant slowdown in acquisition activity or capital spending by master limited partnerships held in the Fund s portfolio could result in a reduction of accelerated depreciation generated by new acquisitions, which may result in increased current tax liability for the Fund.

The Fund will accrue deferred income taxes for its future tax liability associated with that portion of master limited partnership distributions considered to be a tax-advantaged return of capital, as well as for its future tax liability associated with the capital appreciation of its investments. Upon the Fund s sale of a master limited partnership security, the Fund may be liable for previously deferred taxes. The Fund will rely to some extent on information provided by master limited partnerships, which is not necessarily timely, to estimate deferred tax liability for purposes of financial statement reporting and determining its net asset value. From time to time, the Fund will modify its estimates or assumptions regarding its deferred tax liability as new information becomes available.

Tax Risks of Corporations. The Fund intends to invest in companies that are classified as corporations for federal income tax purposes. Any distributions received by the Fund from these companies will be taxed under federal income tax laws applicable to corporate distributions (as dividend income, return of capital or capital gain). The amount of a corporate distribution taxable to the Fund as a dividend will depend upon the earnings and profits of the company making the distribution. Historically, the types of corporate Other Natural Resource Companies in which the Fund intends to invest generally have paid dividends to their equity holders in excess of earnings and profits. However, the earnings and profits of an Other Natural Resource Company will fluctuate over time for a variety of reasons, including those discussed in this prospectus. An increase in a corporation s earnings and profits may result in a greater proportion of its corporate distributions being treated as a taxable dividend, resulting in an increased current tax liability to the Fund. In addition, the Fund may invest in certain foreign entities that constitute passive foreign investment companies (PFICs) for U.S. federal income tax purposes. As a result of an investment in a PFIC, the Fund may be subject to an interest charge or, if it makes a certain election, may be required to recognize taxable income related to such investment prior to its receipt of the corresponding cash.

Deferred Tax Risks of Investing in the Fund s Common Shares. A reduction in the percentage of the distributions received by the Fund that are offset by tax deductions, losses or credits, or an increase in its portfolio turnover, will reduce that portion of its common share dividend treated as a tax-advantaged return of capital and increase that portion treated as dividend income, resulting in lower after-tax dividends to its common shareholders. See Tax Matters.

Risks Associated with an Investment in Non-U.S. Companies

Non-U.S. Securities Risk. Investing in securities of non-U.S. issuers involves certain risks not involved in domestic investments, including, but not limited to: fluctuations in currency exchange rates; future foreign economic, financial, political and social developments; different legal systems; the possible imposition of exchange controls or other foreign governmental laws or restrictions; lower trading volume; greater price volatility and illiquidity; different trading and settlement practices; less governmental supervision; high and volatile rates of inflation; fluctuating interest rates; less publicly available information; and different accounting, auditing and financial recordkeeping standards and requirements.

Non-U.S. Currency Risk. Because the Fund may invest in securities denominated or quoted in non-U.S. currencies, changes in the non-U.S. currency/U.S. dollar exchange rate may affect the value of the Fund s securities and the unrealized appreciation or depreciation of its investments.

Currency Hedging Risk. The Fund may in the future hedge against currency risk resulting from investing in non-U.S. MLPs and Other

Natural Resource Companies valued in non-U.S. currencies. Currency hedging transactions in which the Fund may engage include buying or selling options or futures or entering into other foreign currency transactions including forward foreign currency contracts, currency swaps or options on currency and currency futures and other

Table of Contents

derivatives transactions. Hedging transactions can be expensive and have risks, including the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction or the illiquidity of the derivative instruments. Furthermore, the ability to successfully use hedging transactions depends on the Investment Adviser s ability to predict pertinent market movements, which cannot be assured. Thus, the use of hedging transactions may result in losses greater than if they had not been used, may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold a security that the Fund might otherwise sell. The use of hedging transactions may result in the Fund incurring losses as a result of matters beyond the Fund s control. For example losses may be incurred because of the imposition of exchange controls, the suspension of settlements or the Fund s inability to deliver or receive a specified currency.

Emerging Markets Risk. Investments in emerging markets instruments, while generally providing greater potential opportunity for capital appreciation and higher yields than investments in more developed market instruments, may also involve greater risk. Emerging markets may be subject to economic, social and political risks not applicable to instruments of developed market issuers, such as repatriation, exchange control or other monetary restrictions, taxation risks, and special considerations due to limited publicly available information, less stringent regulatory standards, and lack of uniformity in accounting.

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Fund, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Interest Rate Risk

The costs associated with any leverage used by the Fund are likely to increase when interest rates rise. Accordingly, the market price of the Fund s common shares may decline when interest rates rise.

Legal and Regulatory Risk

Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. The regulatory environment for closed-end funds is evolving, and changes in the regulation of closed-end funds may adversely affect the value of investments held by the Fund and the ability of the Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategy. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and

Table of Contents

self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by governmental and judicial action. The effect of any future regulatory change on the Fund could be substantial and adverse.

Interest Rate Hedging Risk

The Fund may in the future hedge against interest rate risk resulting from the Fund s portfolio holdings and any financial leverage it may incur. Interest rate transactions the Fund may use for hedging purposes will expose the Fund to certain risks that differ from the risks associated with its portfolio holdings. There are economic costs of hedging reflected in the price of interest rate swaps, caps and similar techniques, the cost of which can be significant. In addition, the Fund s success in using hedging instruments is subject to the Investment Adviser s ability to correctly predict changes in the relationships of such hedging instruments to the Fund s leverage risk, and there can be no assurance that the Investment Adviser s judgment in this respect will be accurate. Depending on the state of interest rates in general, the Fund s use of interest rate hedging instruments could enhance or decrease investment company taxable income available to the holders of its common shares. To the extent there is a decline in interest rates, the value of interest rate swaps or caps could decline, and result in a decline in the net asset value of the Fund s common shares. In addition, if the counterparty to an interest rate swap or cap defaults, the Fund would not be able to use the anticipated net receipts under the interest rate swap or cap to offset its cost of financial leverage.

Arbitrage Risk

A part of the Investment Adviser s investment operations may involve spread positions between two or more securities, or derivatives positions including commodities hedging positions, or a combination of the foregoing. The Investment Adviser s trading operations also may involve arbitraging between two securities or commodities, between the security, commodity and related options or derivatives markets, between spot and futures or forward markets, and/or any combination of the above. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably, causing a loss to the position.

Delay in Use of Proceeds

Although the Fund intends to invest the proceeds of this offering in accordance with the Fund s investment objective as soon as practicable, such investments, particularly those in unregistered or otherwise restricted securities, may be delayed if suitable investments are unavailable at the time or if the Fund is unable to secure firm commitments for direct placements. The Fund anticipates that it will be fully invested in accordance with its investment objective within three months after the completion of the offering. Prior to the time the Fund is fully invested, the proceeds of the offering may temporarily be invested in cash, cash equivalents, or in debt securities that are rated

Table of Contents

AA or higher. Income received by the Fund from these securities would likely be less than returns sought pursuant to the Fund s investment objective and policies. As a result, the return on the Fund s common shares in the first year of its investment operations is expected to be lower than when the Fund is fully invested in accordance with its investment objective and policies. See Use of Proceeds.

Equity Securities Risk

Master limited partnership common units and other equity securities of master limited partnerships and Other Natural Resource Companies can be affected by macroeconomic, political, global and other factors affecting the stock market in general, expectations of interest rates, investor sentiment towards master limited partnerships or the natural resource sector, changes in a particular company s financial condition, or the unfavorable or unanticipated poor performance of a particular master limited partnership or Other Natural Resource Company (which, in the case of a master limited partnership, is generally measured in terms of distributable cash flow). Prices of common units and other equity securities of individual master limited partnerships and Other Natural Resource Companies can also be affected by fundamentals unique to the partnership or company, including earnings power and coverage ratios.

MLP Subordinated Units. Master limited partnership subordinated units are not typically listed on an exchange or publicly traded. Holders of master limited partnership subordinated units are entitled to receive a distribution only after the MQD has been paid to holders of common units, but prior to payment of incentive distributions to the general partner or managing member. Master limited partnership subordinated units generally do not provide arrearage rights. Most master limited partnership subordinated units are convertible into common units after the passage of a specified period of time or upon the achievement by the master limited partnership of specified financial goals.

General Partner and Managing Member Interests. General partner and managing member interests are not publicly traded, though they may be owned by publicly traded entities such as GP MLPs. A holder of general partner or managing member interests can be liable in certain circumstances for amounts greater than the amount of the holder s investment. In addition, while a general partner or managing member s incentive distribution rights can mean that general partners and managing members have higher distribution growth prospects than their underlying master limited partnerships, these incentive distribution payments would decline at a greater rate than the decline rate in quarterly distributions to common or subordinated unit holders in the event of a reduction in the master limited partnership s quarterly distribution. A general partner or managing member interest can be redeemed by the master limited partnership if the master limited partnership unit holders choose to remove the general partner, typically by a supermajority vote of the limited partners or members.

Table of Contents

Small-Cap and Mid-Cap Company Risk

Certain of the MLPs and Other Natural Resource Companies in which the Fund may invest may have small or medium-sized market capitalizations (small-cap and mid-cap companies, respectively). Investing in the securities of small-cap or mid-cap MLPs and Other Natural Resource Companies presents some particular investment risks. These MLPs and Other Natural Resource Companies may have limited product lines and markets, as well as shorter operating histories, less experienced management and more limited financial resources than larger MLPs and Other Natural Resource Companies, and may be more vulnerable to adverse general market or economic developments. Stocks of these MLPs and Other Natural Resource Companies may be less liquid than those of larger MLPs and Other Natural Resource Companies, and may experience greater price fluctuations than larger MLPs and Other Natural Resource Companies. In addition, small-cap or mid-cap company securities may not be widely followed by investors, which may result in reduced demand.

Leverage Risk

The Fund may use leverage through the issuance of Preferred Shares, commercial paper or notes, other forms of borrowing or both. The use of leverage, which can be described as exposure to changes in price at a ratio greater than the amount of equity invested, either through the issuance of Preferred Shares, borrowing or other forms of market exposure, magnifies both the favorable and unfavorable effects of price movements in the investments made by the Fund. Insofar as the Fund employs leverage in its investment operations, the Fund will be subject to increased risk of loss.

Preferred Share Risk. Preferred Share risk is the risk associated with the issuance of the Preferred Shares to leverage the common shares. If the Fund issues Preferred Shares, the net asset value and market value of the common shares will be more volatile, and the yield to the holders of common shares will tend to fluctuate with changes in the shorter-term dividend rates on the Preferred Shares. If the dividend rate on the Preferred Shares approaches the net rate of return on the Fund s investment portfolio, the benefit of leverage to the holders of the common shares would be reduced. If the dividend rate on the Preferred Shares exceeds the net rate of return on the Fund s portfolio, the leverage will result in a lower rate of return to the holders of common shares than if the Fund had not issued Preferred Shares.

In addition, the Fund will pay (and the holders of common shares will bear) all costs and expenses relating to the issuance and ongoing maintenance of the Preferred Shares, including higher advisory fees. Accordingly, the Fund cannot assure you that the issuance of Preferred Shares will result in a higher yield or return to the holders of the common shares. Costs of the offering of Preferred Shares will be borne immediately by the Fund s common shareholders and result in a reduction of net asset value of the common shares.

Similarly, any decline in the net asset value of the Fund s investments will be borne entirely by the holders of common shares. Therefore, if the market value of the Fund s portfolio declines, the leverage will

Table of Contents

result in a greater decrease in net asset value to the holders of common shares than if the Fund were not leveraged. This greater net asset value decrease will also tend to cause a greater decline in the market price for the common shares. The Fund might be in danger of failing to maintain the required asset coverage of the Preferred Shares or of losing its ratings on the Preferred Shares or, in an extreme case, the Fund s current investment income might not be sufficient to meet the dividend requirements on the Preferred Shares. In order to counteract such an event, the Fund might need to liquidate investments in order to fund a redemption of some or all of the Preferred Shares. Liquidation at times of low municipal bond prices may result in capital loss and may reduce returns to the holders of common shares.

Preferred Shareholders May Have Disproportionate Influence over the Fund. If Preferred Shares are issued, holders of Preferred Shares may have differing interests than holders of common shares and holders of Preferred Shares may at times have disproportionate influence over the Fund s affairs. If Preferred Shares are issued, holders of Preferred Shares, voting separately as a single class, would have the right to elect two members of the Board of Trustees at all times. The remaining members of the Board of Trustees would be elected by holders of common shares and Preferred Shares, voting as a single class. The 1940 Act also requires that, in addition to any approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding Preferred Shares, voting separately as a class, would be required to (i) adopt any plan of reorganization that would adversely affect the Preferred Shares and (ii) take any action requiring a vote of security holders under Section 13(a) of the 1940 Act, including, among other things, changes in the Fund s subclassification as a closed-end fund or changes in its fundamental investment restrictions.

Credit Facility. In the event the Fund leverages through borrowings, the Fund may enter into definitive agreements with respect to a credit facility. The Fund may negotiate with commercial banks to arrange a credit facility pursuant to which the Fund would be entitled to borrow an amount equal to approximately 331/3 of the Fund s Managed Assets (i.e., 50% of the Fund s net assets attributable to the Fund s common shares). Any such borrowings would constitute financial leverage. Such a facility is not expected to be convertible into any other securities of the Fund. Any outstanding amounts are expected to be prepayable by the Fund prior to final maturity without significant penalty, and there are not expected to be any sinking fund or mandatory retirement provisions. Outstanding amounts would be payable at maturity or such earlier times as required by the agreement. The Fund may be required to prepay outstanding amounts under the facility or incur a penalty rate of interest in the event of the occurrence of certain events of default. The Fund would be expected to indemnify the lenders under the facility against liabilities they may incur in connection with the facility. The Fund may be required to pay commitment fees under the terms of any such facility. With the use of borrowings, there is a risk that the interest rates paid by the Fund on the amount it borrows will be higher than the return on the Fund s investments.

The Fund expects that such a credit facility would contain covenants that, among other things, likely will limit the Fund s ability to: (i) pay dividends in certain circumstances, (ii) incur additional debt and (iii) change its fundamental investment policies and engage in certain transactions, including mergers and consolidations. In addition, it may contain a covenant requiring asset coverage ratios in addition to those required by the 1940 Act. The Fund may be required to pledge its assets and to maintain a portion of its assets in cash or high-grade securities as a reserve against interest or principal payments and expenses. The Fund expects that any credit facility would have customary covenant, negative covenant and default provisions. There can be no assurance that the Fund will enter into an agreement for a credit facility on terms and conditions representative of the foregoing or that additional material terms will not apply. In addition, if entered into, any such credit facility may in the future be replaced or refinanced by one or more credit facilities having substantially different terms or by the issuance of Preferred Shares.

Portfolio Guidelines of Rating Agencies for Preferred Share and/or Credit Facility. In order to obtain and maintain the required ratings of loans from a credit facility, the Fund will be required to comply with investment quality, diversification and other guidelines established by Moody s and/or S&P or the credit facility, respectively. Such guidelines will likely be more restrictive than the restrictions otherwise applicable to the Fund as described in this prospectus. The Fund does not anticipate that such guidelines would have a material adverse effect on the Fund s holders of common shares or its ability to achieve its investment objective. No minimum rating is required for the issuance of Preferred Shares by the Fund. Moody s and S&P would receive fees in connection with their ratings issuances.

Securities Lending Risk

The Fund may lend its portfolio securities (up to a maximum of one-third of its Managed Assets) to banks or dealers which meet the creditworthiness standards established by the Board of Trustees of the Fund. Securities lending is subject to the risk that loaned securities may not be available to the Fund on a timely basis and the Fund may, therefore, lose the opportunity to sell the securities at a desirable price. Any loss in the market price of securities loaned by the Fund that occurs during the term of the loan would be borne by the Fund and would adversely affect the Fund s performance. Also, there may be delays in recovery, or no recovery, of securities loaned or even a loss of rights in the collateral should the borrower of the securities fail financially while the loan is outstanding. These risks may be greater for non-U.S. securities.

Non-Diversification Risk

The Fund is a non-diversified, closed-end management investment company under the 1940 Act. The Fund may invest a relatively high percentage of its assets in a limited number of issuers. To the extent the Fund invests a relatively high percentage of the Fund s assets in the securities of a limited number of issuers, the Fund may be more

Table of Contents

susceptible than a more widely diversified investment company to any single economic, political or regulatory occurrence.

Valuation Risk

Market prices may not be readily available for certain of the Fund s investments, and the value of such investments will ordinarily be determined based on fair valuations determined by the Board of Trustees or its designee pursuant to procedures adopted by the Board of Trustees. Restrictions on resale or the absence of a liquid secondary market may adversely affect the Fund s ability to determine its net asset value. The sale price of securities that are not readily marketable may be lower or higher than the Fund s most recent determination of their fair value.

Additionally, the value of these securities typically requires more reliance on the judgment of the Investment Adviser than that required for securities for which there is an active trading market. Due to the difficulty in valuing these securities and the absence of an active trading market for these investments, the Fund may not be able to realize these securities true value or may have to delay their sale in order to do so.

Fair value is defined as the amount for which assets could be sold in an orderly disposition over a reasonable period of time, taking into account the nature of the asset. Fair value pricing, however, involves judgments that are inherently subjective and inexact, since fair valuation procedures are used only when it is not possible to be sure what value should be attributed to a particular asset or when an event will affect the market price of an asset and to what extent. As a result, there can be no assurance that fair value pricing will reflect actual market value and it is possible that the fair value determined for a security will be materially different from the value that actually could be or is realized upon the sale of that asset. See Net Asset Value.

Portfolio Turnover Risk

The Fund anticipates that its annual portfolio turnover rate will be approximately 25%, but that rate may vary greatly from year to year. Portfolio turnover rate is not considered a limiting factor in the Investment Adviser s execution of investment decisions. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund.

Strategic Transactions Risk

The Fund may engage in Strategic Transactions, including the purchase and sale of derivative investments such as exchange-listed and over-the-counter put and call options on securities, equity, fixed income and interest rate indices, and other financial instruments, and may enter into various interest rate transactions such as swaps, caps, floors or collars or credit transactions and credit default swaps and invest in forward contracts. The Fund also may purchase derivative investments that combine features of these instruments. The use of derivatives has risks, including the imperfect correlation between the value of such instruments and the underlying assets, the possible

Table of Contents

default of the other party to the transaction or illiquidity of the derivative investments. Furthermore, the ability to successfully use these techniques depends on the Fund s ability to predict pertinent market movements, which cannot be assured. Thus, their use may result in losses greater than if they had not been used, may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment or may cause the Fund to hold a security that it might otherwise sell. Additionally, amounts paid by the Fund as premiums and cash, or other assets held in margin accounts with respect to derivative transactions, are not otherwise available to the Fund for investment purposes.

The Fund may write covered call options. As the writer of a covered call option, the Fund gives up the opportunity during the option s life to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but the Fund retains the risk of loss should the price of the underlying security decline.

The Fund may also write uncovered call options (i.e., where the Fund does not own the underlying security or index) to a limited extent. Similar to a naked short sale, writing an uncovered call creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the call option if it is exercised before it expires. There can be no assurance that the securities necessary to cover the call option will be available for purchase. Purchasing securities to cover an uncovered call option can itself cause the price of the securities to rise, further exacerbating the loss.

The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price. There can be no assurance that a liquid market will exist when the Fund seeks to close out an option position. If trading were suspended in an option purchased by the Fund, the Fund would not be able to close out the option. If the Fund were unable to close out a covered call option that the Fund had written on a security, the Fund would not be able to sell the underlying security unless the option expired without exercise. If the Fund were unable to close out an uncovered call option that the Fund had written on a security, the Fund retains the risk of a price increase in the underlying security until the Fund purchases the security or the option expires without exercise.

Depending on whether the Fund would be entitled to receive net payments from the counterparty on a swap or cap, which in turn would depend on the general state of short-term interest rates at that point in time, a default by a counterparty could negatively impact the performance of the Fund s common shares. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the Fund would not be able to obtain a replacement transaction or that the terms of the replacement would not

Table of Contents

be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the performance of the Fund s common shares. If the Fund fails to maintain any required asset coverage ratios in connection with any use by the Fund of Leverage Instruments, the Fund may be required to redeem or prepay some or all of the Leverage Instruments. Such redemption or prepayment would likely result in the Fund s seeking to terminate early all or a portion of any swap or cap transactions. Early termination of a swap could result in a termination payment by or to the Fund. Early termination of a cap could result in a termination payment to the Fund.

The Fund intends to segregate liquid assets against or otherwise cover its future obligations under such swap or cap transactions, in order to provide that its future commitments for which the Fund has not segregated liquid assets against or otherwise covered, together with any outstanding Leverage Instruments, will not exceed the applicable limits of the 1940 Act . In addition, such transactions and other use of Leverage Instruments by the Fund will be subject to the asset coverage requirements of the 1940 Act.

The use of interest rate swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. Depending on market conditions in general, the Fund s use of swaps or caps could enhance or harm the overall performance of its common shares. For example, the Fund may use interest rate swaps and caps in connection with any use by the Fund of Leverage Instruments. To the extent there is a decline in interest rates, the value of the interest rate swap or cap could decline, and could result in a decline in the net asset value of the Fund s common shares. In addition, if short-term interest rates are lower than the Fund s fixed rate of payment on the interest rate swap, the swap will reduce common shares net earnings. Buying interest rate caps could decrease the net earnings of the Fund s common shares in the event that the premium paid by the Fund to the counterparty exceeds the additional amount the Fund would have been required to pay had the Fund not entered into the cap agreement.

Interest rate swaps and caps do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that the Fund is contractually obligated to make. If the counterparty defaults, the Fund would not be able to use the anticipated net receipts under the swap or cap to offset any declines in the value of the Fund s portfolio assets being hedged or the increase in its cost of financial leverage. Depending on whether the Fund would be entitled to receive net payments from the counterparty on the swap or cap, which in turn would depend on the general state of the market rates at that point in time, such a default could negatively impact the performance of the Fund s common shares.

The Fund may invest in forward contracts entered into directly with banks, financial institutions and other dealers acting as principal. Forward contracts may not be liquid in all circumstances, so that in volatile markets, the Fund to the extent it wishes to do so may not be able to close out a position by taking another position equal and

Table of Contents

opposite to such position on a timely basis or without incurring a sizeable loss. Closing transactions with respect to forward contracts usually are effected with the counterparty who is a party to the original forward contract and generally require the consent of such trader. There can be no assurance that the Fund will be able to close out its obligations.

There are no limitations on daily price moves in forward contracts. Banks and other financial institutions with which the Fund may maintain accounts may require the Fund to deposit margin with respect to such trading. Banks are not required to continue to make markets in forward contracts. There have been periods during which certain banks have refused to quote prices for such forward contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Trading of forward contracts through banks is not regulated by any U.S. governmental agency. The Fund will be subject to the risk of bank failure and the inability of, or refusal by, a bank to perform with respect to such contracts.

Convertible Instrument Risk

The Fund may invest in convertible instruments. A convertible instrument is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common shares of the same or a different issuer within a particular period of time at a specified price or formula. Convertible debt instruments have characteristics of both fixed income and equity investments. Convertible instruments are subject both to the stock market risk associated with equity securities and to the credit and interest rate risks associated with fixed-income securities. As the market price of the equity security underlying a convertible instrument falls, the convertible instrument tends to trade on the basis of its yield and other fixed-income characteristics. As the market price of such equity security rises, the convertible security tends to trade on the basis of its equity conversion features. The Fund may invest in convertible instruments that have varying conversion values. Convertible instruments are typically issued at prices that represent a premium to their conversion value. Accordingly, the value of a convertible instruments increases (or decreases) as the price of the underlying equity security increases (or decreases). If a convertible instrument held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the instrument, or convert it into the underlying stock, and will hold the stock to the extent the Investment Adviser determines that such equity investment is consistent with the investment objective of the Fund.

Short Sales Risk

Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the short seller to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A naked short sale creates the risk of

Table of Contents

an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise, further exacerbating the loss.

The Fund s obligation to replace the borrowed security will be secured by collateral deposited with the broker-dealer, usually cash, U.S. government securities or other liquid securities similar to those borrowed. The Fund also will be required to segregate similar collateral to the extent, if any, necessary so that the value of both collateral amounts in the aggregate is at all times equal to at least 100% of the current market value of the security sold short. Depending on arrangements made with the broker-dealer from which the Fund borrowed the security regarding payment over of any payments received by the Fund on such security, the Fund may not receive any payments (including interest) on the Fund s collateral deposited with such broker-dealer.

Inflation Risk

Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund s common shares and dividends can decline.

Debt Securities Risks

Debt securities are subject to many of the risks described elsewhere in this section. In addition, they are subject to credit risk, prepayment risk and, depending on their quality, other special risks.

Credit Risk. An issuer of a debt security may be unable to make interest payments and repay principal. The Fund could lose money if the issuer of a debt obligation is, or is perceived to be, unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. The downgrade of a security may further decrease its value.

Below Investment Grade and Unrated Debt Securities Risk. Below investment grade debt securities in which the Fund may invest are rated from B3 to Ba1 by Moody s Investors Service, Inc., from B- to BB+ by Fitch Ratings or Standard & Poor s, or comparably rated by another rating agency. Below investment grade and unrated debt securities generally pay a premium above the yields of U.S. government securities or debt securities of investment grade issuers because they are subject to greater risks than these securities. These risks, which reflect their speculative character, include the following: greater yield and price volatility; greater credit risk and risk of default; potentially greater sensitivity to general economic or industry conditions; potential lack of attractive resale opportunities (illiquidity); and additional expenses to seek recovery from issuers who default.

In addition, the prices of these below investment grade and unrated debt securities are more sensitive to negative developments, such as a decline in the issuer s revenues, downturns in profitability in the natural resource industry or a general economic downturn, than are the prices of higher-grade securities. Below investment grade and unrated debt securities tend to be less liquid than investment grade securities and the market for below investment grade and unrated debt securities could contract further under adverse market or economic conditions. In such a scenario, it may be more difficult for the Fund to sell these securities in a timely manner or for as high a price as could be realized if such securities were more widely traded. The market value of below investment grade and unrated debt securities may be more volatile than the market value of investment grade securities and generally tends to reflect the market s perception of the creditworthiness of the issuer and short-term market developments to a greater extent than investment grade securities, which primarily reflect fluctuations in general levels of interest rates. In the event of a default by a below investment grade or unrated debt security held in the Fund s portfolio in the payment of principal or interest, the Fund may incur additional expense to the extent the Fund is required to seek recovery of such principal or interest.

For a description of the ratings categories of certain rating agencies, see Appendix A to this prospectus.

Reinvestment Risk. Certain debt instruments, particularly below investment grade securities, may contain call or redemption provisions which would allow the issuer of the debt instrument to prepay principal prior to the debt instrument s stated maturity. This is also sometimes known as prepayment risk. Prepayment risk is greater during a falling interest rate environment as issuers can reduce their cost of capital by refinancing higher yielding debt instruments with lower yielding debt instruments. An issuer may also elect to refinance its debt instruments with lower yielding debt instruments if the credit standing of the issuer improves. To the extent debt securities in the Fund s portfolio are called or redeemed, the Fund may be forced to reinvest in lower yielding securities.

ETN and ETF Risk

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

Table of Contents

typical bond, in that there are no periodic interest payments and principal is not protected.

Terrorism and Market Disruption Risk

The terrorist attacks on September 11, 2001 had a disruptive effect on the U.S. economy and securities markets. United States military and related action in Iraq and Afghanistan is ongoing and events in the Middle East could have significant, continuing adverse effects on the U.S. economy in general and the natural resource sector in particular. Global political and economic instability could affect an MLP s or an Other Natural Resource Company s operations in unpredictable ways, including through disruptions of natural resource supplies and markets and the resulting volatility in commodity prices. The U.S. government has issued warnings that natural resource assets, specifically pipeline infrastructure and production, transmission and distribution facilities, may be future targets of terrorist activities. In addition, changes in the insurance markets have made certain types of insurance more difficult, if not impossible, to obtain and have generally resulted in increased premium costs.

Investment Management Risk

The Fund s portfolio is subject to investment management risk because it will be actively managed. The Investment Adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that they will produce the desired results.

The decisions with respect to the management of the Fund are made exclusively by the Investment Adviser, subject to the oversight of the Board of Trustees. Investors have no right or power to take part in the management of the Fund. The Investment Adviser also is responsible for all of the trading and investment decisions of the Fund. In the event of the withdrawal or bankruptcy of the Investment Adviser, generally the affairs of the Fund will be wound-up and its assets will be liquidated.

Dependence on Key Personnel of the Investment Adviser

The Fund is dependent upon the Investment Adviser s key personnel for its future success and upon their access to certain individuals and investments in the natural resource industry. In particular, the Fund will depend on the diligence, skill and network of business contacts of the personnel of the Investment Adviser and its portfolio managers, who will evaluate, negotiate, structure, close and monitor the Fund s investments. The portfolio managers do not have long-term employment contracts with the Investment Adviser, although they do have equity interests and other financial incentives to remain with the firm. For a description of the Investment Adviser, see Management of the Fund Investment Adviser. The Fund will also depend on the senior management of the Investment Adviser, including particularly Jerry V. Swank. The departure of

Mr. Swank or another of the Investment Adviser s senior management could have a material adverse effect on the Fund s ability to achieve its investment objective. In addition, the Fund can offer no assurance that the Investment Adviser will remain

Table of Contents

its investment adviser, or that the Fund will continue to have access to the Investment Adviser s industry contacts and deal flow.

Conflicts of Interest with the Investment Adviser

Conflicts of interest may arise because the Investment Adviser and its affiliates generally will be carrying on substantial investment activities for other clients, including, but not limited to, the Affiliated Funds, in which the Fund will have no interest. The Investment Adviser or its affiliates may have financial incentives to favor certain of such accounts over the Fund. Any of their proprietary accounts and other customer accounts may compete with the Fund for specific trades. The Investment Adviser or its affiliates may buy or sell securities for the Fund which differ from securities bought or sold for other accounts and customers, even though their investment objectives and policies may be similar to the Fund s. Situations may occur when the Fund could be disadvantaged because of the investment activities conducted by the Investment Adviser and its affiliates for their other accounts. Such situations may be based on, among other things, legal or internal restrictions on the combined size of positions that may be taken for the Fund and the other accounts, limiting the size of the Fund s position, or the difficulty of liquidating an investment for the Fund and the other accounts where the market cannot absorb the sale of the combined position. Notwithstanding these potential conflicts of interest, the Fund s Board of Trustees and officers have a fiduciary obligation to act in the Fund s best interest.

The Fund s investment opportunities may be limited by affiliations of the Investment Adviser or its affiliates with MLPs and Other Natural Resource Companies. Additionally, to the extent that the Investment Adviser sources and structures private investments in MLPs and Other Natural Resource Companies, certain employees of the Investment Adviser may become aware of actions planned by MLPs and Other Natural Resource Companies, such as acquisitions that may not be announced to the public. It is possible that the Fund could be precluded from investing in an MLP or an Other Natural Resource Company about which the Investment Adviser has material non-public information; however, it is the Investment Adviser s intention to ensure that any material non-public information available to certain of the Investment Adviser s employees not be shared with those employees responsible for the purchase and sale of publicly traded MLP or Other Natural Resource Company securities.

The Investment Adviser manages several Affiliated Funds. Some of the Affiliated Funds have investment objectives that are similar to or overlap with the Fund. Further, the Investment Adviser may at some time in the future manage other investment funds with the same investment objective as the Fund.

The Investment Adviser and its affiliates generally will be carrying on substantial investment activities for other clients, including, but not limited to, the Affiliated Funds, in which the Fund will have no interest. Investment decisions for the Fund are made independently from those of such other clients; however, from time to time, the same investment decision may be made for more than one fund or account.

Table of Contents

When two or more clients advised by the Investment Adviser or its affiliates seek to purchase or sell the same publicly traded securities, the securities actually purchased or sold will be allocated among the clients on a good faith equitable basis by the Investment Adviser in its discretion in accordance with the clients various investment objectives and procedures adopted by the Investment Adviser and approved by the Fund s Board of Trustees. In some cases, this system may adversely affect the price or size of the position the Fund may obtain.

The Fund s investment opportunities may be limited by investment opportunities in the MLPs and Other Natural Resource Companies that the Investment Adviser is evaluating for the Affiliated Funds. To the extent a potential investment is appropriate for the Fund and one or more of the Affiliated Funds, the Investment Adviser will need to fairly allocate that investment to the Fund or an Affiliated Fund, or both, depending on its allocation procedures and applicable law related to combined or joint transactions. There may occur an attractive limited investment opportunity suitable for the Fund in which the Fund cannot invest under the particular allocation method being used for that investment.

Under the 1940 Act, the Fund and its Affiliated Funds may be precluded from co-investing in private placements of securities. Except as permitted by law or positions of the staff of the SEC, the Investment Adviser will not co-invest its other clients assets in private transactions in which the Fund invests. To the extent the Fund is precluded from co-investing, the Investment Adviser will allocate private investment opportunities among its clients, including but not limited to the Fund and the Affiliated Funds, based on allocation policies that take into account several suitability factors, including the size of the investment opportunity, the amount each client has available for investment and the client s investment objectives. These allocation policies may result in the allocation of investment opportunities to an Affiliated Fund rather than to the Fund.

The management fee payable to the Investment Adviser is based on the value of the Fund s Managed Assets, as periodically determined. A significant percentage of the Fund s Managed Assets may be illiquid securities acquired in private transactions for which market quotations will not be readily available. Although the Fund will adopt valuation procedures designed to determine valuations of illiquid securities in a manner that reflects their fair value, there typically is a range of possible prices that may be established for each individual security. Senior management of the Investment Adviser, the Fund s Board of Trustees and its Valuation Committee will participate in the valuation of its securities. See Net Asset Value.

Willkie Farr & Gallagher LLP, counsel to the Fund in this offering, also represents the Investment Adviser. Willkie Farr & Gallagher LLP does not purport to represent the separate interests of the investors and has assumed no obligation to do so. Accordingly, the investors have not had the benefit of independent counsel in the structuring of the Fund or determination of the relative interests, rights and obligations of the Fund s investment adviser and the investors.

Table of Contents

Listing and Symbol	Shares of the Fund are expected to be listed on the New York Stock Exchange. The trading symbol is expected to be SRV.
Transfer Agent and Dividend-Disbursing Agent	Under a transfer agency and service agreement among Computershare Trust Company, N.A., Computershare Inc. and the Fund, Computershare Trust Company, N.A. serves as the Fund s transfer agent, registrar and administrator of its dividend reinvestment plan, and Computershare Inc. serves as dividend disbursing agent and may act on behalf of Computershare Trust Company, N.A. in providing certain of the services covered by the agreement.
Custodian	U.S. Bank National Association serves as the custodian of the Fund s securities and other assets.

SUMMARY OF FUND EXPENSES

The following table assumes the Fund has borrowed in the amount equal to 331/3% of the Fund s Managed Assets (i.e., 50% of its net assets attributable to the Fund s common shares) and shows the Fund s expenses as a percentage of net assets attributable to its common shares.

Shareholder Transaction Expenses:	
Sales Load Paid by Investors (as a percentage of offering price)	4.50%
Offering Expenses Borne by the Fund (as a percentage of offering price)(1)(2)	0.20%
Dividend Reinvestment Plan Fees(3)	None

Percentage of Net Assets Attributable to Common Shares
(Assumes Leverage Instruments are Used)(4)

Annual Expenses:	
Management Fees(6)	1.88%
Interest Payments on Borrowed Funds(7)	2.75%
Other Expenses(5)	0.38%
Total Annual Expenses(6)	5.01%

(1) The Investment Adviser will pay a marketing and structuring fee to Morgan Stanley & Co. Incorporated equal to 1.25% of the aggregate price to the public of the common shares sold by Morgan Stanley & Co. Incorporated, including over-allotted shares. This fee is not reflected under Offering Expenses Borne by the Fund in the table above. See Underwriters Additional Compensation to Be Paid by the Investment Adviser.
(2) Amount reflects estimated offering expenses of $500,000 borne by the Fund.
(3) Investors who hold shares in a dividend reinvestment account and request a sale of shares through the dividend reinvestment plan agent are subject to a $15.00 sales fee and pay a brokerage commission of $0.12 per share sold.
(4)

Percentage of Net Assets Attributable to Common Shares
(Assumes No Leverage Instruments Are Used)

Annual Expenses:	
Management Fees(6)	1.25%
Interest Payments on Borrowed Funds	None
Other Expenses(5)	0.25%
Total Annual Expenses(6)	1.50%

(5) The costs of this offering are not included in the expenses shown in this table.
(6) The Investment Adviser currently intends to reimburse the Fund s expenses to the extent that total annual Fund operating expenses, not including interest payments or other expenses on borrowed funds, exceed 1.50% of average weekly Managed Assets. The Investment Adviser is not obligated to do so, however, and reimbursement may be discontinued at any time. Because holders of any Leverage Instruments do not bear management fees and other expenses, the cost to shareholders increases as leverage increases.

(7) Assumes a cost on Leverage Instruments of 5.50%. This rate is an estimate and may differ based on varying market conditions that may exist when Leverage Instruments are issued or incurred and depending on the type of Leverage Instrument issued or incurred. If the Fund issues or incurs Leverage Instruments in an amount greater than 331/3% of Managed Assets, this amount could increase.

The purpose of the table and the example is to assist prospective investors in understanding the costs and expenses that an investor in the Fund will bear directly or indirectly. The expenses shown in the table and example below are based on estimated amounts through the end of the Fund s first fiscal year of operations, unless otherwise indicated, and assume that the Fund issues approximately 12,500,000 common shares. If the Fund issues fewer common shares, all other things being equal, these expenses would increase as a percentage of the Fund s net assets attributable to common shares. See Management of the Fund, Distributions and Dividend Reinvestment Plan.

Example

As required by relevant SEC regulations, the following example illustrates the expenses (including the sales load of 4.50% or $0.90 per common share and estimated offering expenses of 0.20% or $0.04 per common share) that an investor would pay on a $1,000 investment in the Fund s common shares, assuming total annual expenses of 5.01% of net assets attributable to the Fund s common shares, the Fund issues Leverage Instruments in an amount equal to 331/3% of Managed Assets (i.e., 50% of net assets attributable to the Fund s common shares), and a 5% annual return:

1 Year	3 Years	5 Years	10 Years
$88	$170	$253	$468

THE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF FUTURE EXPENSES OR RETURNS. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN. Moreover, the Fund s actual rate of return may be greater or less than the hypothetical 5% return shown in the example. The example assumes that the estimated Other Expenses set out in the Annual Expenses table are accurate and that all dividends and distributions are reinvested at net asset value. In the event that the Fund does not use any leverage, an investor would pay the following expenses based on the assumptions in the example and total annual expenses of 1.50% of net assets attributable to the Fund s common shares: 1 Year, $62; 3 Years, $92; 5 Years, $125; and 10 Years, $218.

THE FUND

The Cushing MLP Total Return Fund is a newly organized, non-diversified, closed-end management investment company registered under the 1940 Act. The Fund was formed as a Delaware statutory trust on May 23, 2007. The Fund has no operating or trading history. The Fund s principal office is located at 3300 Oak Lawn Avenue, Suite 650, Dallas, TX 75219, and its telephone number is (214) 692-6334. You may call toll-free (800) 662-7232 to request information or make shareholder inquiries.

The Cushing name originates from a city in Oklahoma of the same name that was a center for the exploration, production and storage of crude oil during the early 20th century. Cushing, Oklahoma, with its large amount of energy infrastructure assets, is currently a major storage and trading clearing hub for crude oil and refined products in the United States.

USE OF PROCEEDS

The net proceeds of this offering of common shares will be approximately $ ($ if the underwriters exercise their over-allotment option in full), after sales loads and payment by the Fund of estimated offering expenses of $. The Investment Adviser has agreed to pay the amount by which the offering expenses (other than the sales load) exceed $0.04 per common share (0.20% of the offering price). The Investment Adviser has also agreed to pay all of the Fund s organizational expenses.

The Fund currently anticipates that it will be able to invest primarily in securities that meet its investment objective and policies within three months after the completion of this offering, and the Fund may then use financial leverage. We anticipate that until they are invested in accordance with the Fund s objective and policies, the proceeds will be invested in cash, cash equivalents, or in debt securities that are rated AA or higher. The return on the Fund s common shares is initially expected to be lower than it will be after full investment in accordance with the Fund s investment objective and policies.

INVESTMENT OBJECTIVE AND POLICIES

The Fund s investment objective is to obtain a high after-tax total return from a combination of capital appreciation and current income. There can be no assurance that the Fund s investment objective will be achieved. The Fund intends to focus its investments in MLPs with operations in the development, production, processing, refining, transportation, storage and marketing of natural resources.

The Fund will generally seek to invest in 20 to 30 issuers with generally no more than 10% of Managed Assets in any one issue, and no more than 15% of Managed Assets in any one issuer (for purposes of this limit, the issuer includes both the master limited partnership or limited liability company, as well as its controlling general partner or managing member), in each case, determined at the time of investment. Among other things, the Investment Adviser will use fundamental and proprietary research to seek to identify the most attractive MLPs and will seek to invest in MLPs that have distribution growth prospects that, in the Investment Adviser s view, are high relative to comparable MLPs and which are not fully reflected in current pricing. The Investment Adviser believes that the MLPs most likely to offer such attractive investment characteristics are those that are relatively small and have proven and motivated management teams that are able to develop projects organically (greenfield or internally developed) and/or to successfully find, acquire and integrate assets and companies that enhance value to shareholders. As part of the Fund s 80% MLP investment policy, the Investment Adviser will also seek to invest in GP MLPs. The Investment Adviser believes the distribution growth prospects of many GP MLPs are high relative to many other master limited partnerships and the Investment Adviser will seek to invest in GP MLPs where the Investment Adviser believes that such growth is not fully reflected in current pricing. Like master limited partnerships with strong distribution growth prospects, GP MLPs with strong growth prospects often trade at prices which result in relatively low current yields. Since the Investment Adviser will seek to maximize total return through a focus on master limited partnerships and GP MLPs with strong distribution growth prospects, the Investment Adviser believes the current yield of the Fund will be lower than it would be under a more diversified investment approach. The Investment Adviser will seek to invest in IPOs and secondary market issuances, PIPE transactions and private transactions, including pre-acquisition and pre-IPO equity issuances and investments in private companies.

The Fund will seek to achieve its investment objective by investing, under normal market conditions, at least 80% of its net assets, plus any borrowings for investment purposes, in MLP investments. Entities commonly referred to as MLPs are taxed as partnerships for federal income tax purposes, and are generally organized under state law as limited partnerships or limited liability companies. If publicly traded, MLPs must derive at least 90% of their gross income from qualifying sources as described in Section 7704 of the Code. For purposes of the Fund s 80% policy, MLP investments are investments that offer economic exposure to public and private MLPs in the form of common or subordinated units issued by MLPs, securities of entities holding primarily general partner or managing member interests in MLPs, debt securities of MLPs, and securities that are derivatives of interests in MLPs.

The Fund may invest up to 50% of its Managed Assets in securities of MLPs and Other Natural Resource Companies that are not publicly traded, or that are otherwise restricted securities. For purposes of this limitation, restricted securities include (i) registered securities of public companies subject to a lock-up period greater than 30 days, (ii) unregistered securities of public companies with registration rights until such securities are registered for resale by the Fund, or until they become freely tradable with the passage of time, and (iii) securities of companies that have no class of registered or publicly offered securities (privately held companies). The Fund does not intend to invest more than 25% of its Managed Assets in securities of privately held companies.

The Fund may invest up to 20% of its Managed Assets in securities of companies that are not MLPs, including Other Natural Resource Companies, and U.S. and non-U.S. issuers that may not constitute Other Natural Resource Companies. These investments may include securities such as partnership interests, limited liability company interests or units, trust units, common stock, preferred stock, convertible securities, warrants and depositary receipts, debt securities, ETNs (typically, unsecured, unsubordinated debt securities that trade on a securities exchange and are designed to replicate the returns of market benchmarks minus applicable fees), and securities issued by investment companies registered under the 1940 Act including ETFs. The Investment Adviser anticipates that the Fund will generally invest in ETFs or ETNs that focus their investments on the energy, natural resources, utility, real estate or banking industries.

The Fund may invest up to 20% of its Managed Assets in debt securities of MLPs, Other Natural Resource Companies and other issuers. Any securities issued by MLPs, including debt securities, will count towards the Fund s 80% MLP investment policy.

Each percentage limitation applicable to the Fund s portfolio described in this prospectus applies only at the time of investment in the asset to which the percentage limitation applies, and the Fund will not be required to sell securities due to subsequent changes in the value of the securities it owns. The Fund may invest in companies of any market capitalization.

At the time of this offering, the Fund does not intend to invest directly in commodities, although the Fund s investments in some MLPs will expose it to risks similar to risks arising from investing in commodities.

The Fund may, but is not required to, write, purchase or sell put or call options on securities, equity or fixed-income indices or other instruments, write, purchase or sell futures contracts or options on futures, or enter into other Strategic Transactions.

The Fund s investment objective and percentage parameters, including its 80% MLP investment policy, are not fundamental policies of the Fund and may be changed without shareholder approval. Shareholders, however, will be notified in writing of any change at least 60 days prior to effecting any such change.

The Fund s common shares have no previous trading history. Shares of closed-end funds frequently trade at discounts to their net asset value. If the Fund s common shares trade at a discount to their net asset value, the risk of loss may increase for purchasers in this offering. This risk may be greater for investors who expect to sell their common shares in a relatively short period after completion of the public offering.

THE FUND S INVESTMENTS

The Fund s Investments

The Fund will invest primarily in the securities of MLPs, other equity securities, debt securities and securities of non-U.S. issuers as described below.

Description of MLPs

Master limited partnerships are formed as limited partnerships or limited liability companies and taxed as partnerships for federal income tax purposes. The securities issued by many master limited partnerships are listed and traded on a U.S. exchange. A master limited partnership typically issues general partner and limited partner interests, or managing member and member interests. The general partner or managing member manages and often controls, has an ownership stake in, and is normally eligible to receive incentive distribution payments from, the master limited partnership. To be treated as a partnership for U.S. federal income tax purposes, a master limited partnership must derive at least 90% of its gross income for each taxable year from specified qualifying sources as described in Section 7704 of the Code.

These qualifying sources include natural resource-based activities such as the exploration, development, mining, production, processing, refining, transportation, storage and marketing of mineral or natural resources. The general partner or managing member may be structured as a private or publicly traded corporation or other entity. The general partner or managing member typically control the operations and management of the entity through an up to 2% general partner or managing member interest in the entity plus, in many cases, ownership of some percentage of the outstanding limited partner or member interests. The limited partners or members, through their ownership of limited partner or member interests, provide capital to the entity, are intended to have no role in the operation and management of the entity and receive cash distributions. Due to their structure as partnerships for federal income tax purposes, master limited partnerships generally do not pay federal income taxes. Thus, unlike investors in corporate securities, direct master limited partnership investors are generally not subject to double taxation (i.e., corporate level tax and tax on corporate dividends). Currently, most master limited partnerships operate in the energy and midstream, natural resources, shipping or real estate sectors.

MLPs are typically structured such that common units and general partner interests have first priority to receive the MQD. Common and general partner interests also accrue arrearages in distributions to the extent the MQD is not paid. Once common units and general partner interests have been paid, subordinated units receive distributions up to the MQD; however, subordinated units do not accrue arrearages. The subordinated units are normally owned by the owners or affiliates of the general partner and convert on a one for one basis into common units, generally in three to five years after the master limited partnership s initial public offering or after certain distribution levels have been exceeded. Distributable cash in excess of the MQD is distributed to both common and subordinated units generally on a pro rata basis. The general partner is also normally eligible to receive incentive distributions if the general partner operates the business in a manner which results in payment of per unit distributions that exceed threshold levels above the MQD. As the general partner increases cash distributions to the limited partners, the general partner receives an increasingly higher percentage of the incremental cash distributions. A common arrangement provides that the general partner can reach a tier where it receives 50% of every incremental dollar distributed by the master limited partnership. These incentive distributions encourage the general partner to increase the partnership s cash flow and raise the quarterly cash distribution by pursuing steady cash flow investment opportunities, streamlining costs and acquiring assets. Such results benefit all security holders of the MLP.

Sector Outlook

General. The Investment Adviser believes that master limited partnerships play a vital role in the movement of energy resources. Many master limited partnerships own midstream energy infrastructure assets used to transport, process, and store natural gas, natural gas liquids, crude oil, and refined petroleum products. Examples of the midstream value chain are shown in the charts below; in the example, crude oil is gathered, shipped, or trucked from producers (suppliers) and transported through pipelines to storage/terminal facilities, refined into petroleum products, and ultimately to end users. While there are a number of contract structures with varying degrees of commodity price sensitivity in the Investment Adviser s experience, these activities are usually fee-based in nature, in which case revenues are simply a function of throughput and a dollar rate per unit. Consequently, cash flows typically have minimal direct commodity price sensitivity, although they may frequently be exposed to indirect commodity risk. See Principal Risks of the Fund MLP and Other Natural Resource Company Risks Commodity Price Risk. Generally, the natural gas and natural gas liquids value chain, natural gas is gathered in the field and transported via pipelines to a central processing facility where the natural gas liquids are separated from the residue natural gas. The residue gas is then shipped to end users, and the raw natural gas liquids go to a fractionation facility. The raw natural gas liquids mix is separated into its different components (ethane, propane, butane, etc.) and then delivered to end use markets.

Table of Contents

Source: Morgan Stanley, May 2007

MLP operations are often referred to in the context of the following business segments or subsectors:

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

Processing MLPs. Processing MLPs include gatherers and processors of natural gas as well as providers of natural gas liquid transportation, fractionation and storage services. Revenue is typically derived from providing services to natural gas producers, which require treatment or processing before their natural gas commodity can be marketed to utilities and other end user markets. Revenue for the processor is often fee based, although it is not uncommon to have some participation in the prices of the natural gas and natural gas liquids commodities for a portion of revenue.

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

Propane MLPs. Propane MLPs include MLPs that are distributors of propane to end-users for space and water heating. Revenue is typically derived from the resale of the commodity at a margin over wholesale cost. The ability to maintain margin is often a key to profitability. Propane serves approximately 3% of the household energy needs in the United States, largely for homes beyond the geographic reach of natural gas distribution pipelines. Approximately 70% of annual cash flow can be earned during the winter heating season (October through March).

Coal MLPs. Coal MLPs include MLPs that own, lease and manage coal reserves. Revenue is typically derived from production and sale of coal, or from royalty payments related to leases to coal producers. Electricity generation is the primary use of coal in the United States. Demand for electricity and supply of alternative fuels to generators are usually the primary drivers of coal demand. Coal MLPs are subject to operating and production risks, such as: the MLP or a lessee meeting necessary production volumes; federal, state and local laws and regulations which may limit the ability to produce coal; the MLPs ability to manage production costs and pay mining reclamation costs; and the effect on demand that the EPA s standards set in the Clean Air Act have on coal end-users.

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

Investment Characteristics. The Investment Adviser believes that the following are characteristics of MLPs that make them attractive investments:

Many MLPs are utility-like in nature and have relatively stable, predictable cash flows.

MLPs provide services which help meet the largely inelastic demand of U.S. energy consumers. In its International Energy Outlook 2006, the U.S. Energy Information Administration projects 3.8% annual growth for worldwide energy demand through 2030.

Transportation assets in the interstate and intrastate pipeline sector are typically backed by relatively long-term contracts and stable transportation rates (or tariffs) that are regulated by FERC or by state regulatory commissions.

High barriers to entry may protect the business model of some MLPs, since construction of the physical assets typically owned by these MLPs generally requires significant capital expenditures and long lead times.

As the location and quality of natural resource supplies change, new midstream infrastructure such as gathering and transportation pipelines, treating and processing facilities, and storage facilities is needed to meet these new logistical needs. Similarly, as the demographics of demand centers change, new infrastructure is often needed. MLPs are integral providers of these midstream needs.

Requirements for new and additional transportation fuel compositions (e.g., reduced sulfur diesel and ethanol blends) require additional logistical assets. MLPs are integral providers of these logistical needs.

Midstream assets are typically long-lived and tend to retain their economic value, and the risk of technological obsolescence is low.

Master limited partnerships are pass-through entities and do not pay federal income taxes at the entity level. In general, a portion of their distribution payments is treated as a return of capital.

In addition to their growth potential, MLP investments are currently offering higher yields than some investments, such as utilities and REITs. Of course, there can be no guarantee that the MLP investments in the Fund s portfolio will generate higher yields than these other asset classes, and since the Investment Adviser will seek to maximize total return through a focus on master limited partnerships and GP MLPs with strong distribution growth prospects, the Investment Adviser believes the distribution yield of the Fund will be lower than it would be under a more diversified investment approach.

Sector Growth. Historically, MLP cash flow and distribution growth has come primarily from two sources, acquisitions and organic (internal) expansion projects, which have also contributed to growth in market capitalization. Much of this growth came from MLPs acquiring midstream assets from utilities, natural gas pipeline companies, and major integrated oil companies.

Market Cap ($MM)	**2003**	**2004**	**2005**	**2006**	**2007**
Midstream	21,361	29,021	34,772	50,844	60,861
Propane	3,819	4,642	4,684	5,783	6,882
Coal	2,173	3,744	3,786	3,924	4,588
Shipping	218	921	1,955	2,820	3,027
Exploration & Production	525	647	719	7,638	5,450
G.P. Equity	0	0	3,353	15,624	19,537
Other(1)	9,938	11,580	13,593	20,636	24,808
Total	38,034	50,555	102,862	107,269	125,153

(1) Includes compression, crude oil and petroleum products

Source: Factset, May 2007

Table of Contents

The Investment Adviser believes that acquisitions will continue to play an important role in driving growth. It estimates that less than one third of all MLP-qualifying midstream assets in the U.S. are currently owned by public MLPs. However, the Investment Adviser believes organic (or internally developed) growth projects, which generally are more visible and predictable, will play an increasingly important role in driving future growth.

A basic macro driver for organic growth has been the changing dynamic of natural gas and oil supply and demand in North America. As shown below, the growth of natural gas production in the United States is largely occurring in new basins. As a result, the Investment Adviser believes that investment options for MLPs involved in the natural gas gathering, processing, storage and transportation businesses continue to be abundant.

	Growth Rate (through 2005)			
Lower 48 Natural Gas Production	**10 Year**	**5 Year**	**3 Year**	**1 Year**
Gulf Of Mexico	(4.6)%	(9.4)%	(13.0)%	(24.9)%
Midcontinent	(1.2)%	0.3%	0.7%	2.2%
Rockies	5.0%	5.3%	3.5%	4.1%
Gulf Coast	(1.8)%	(7.1)%	(4.0)%	(8.8)%
West Texas	0.1%	1.0%	(0.6)%	(0.9)%
South Texas	0.1%	(0.2)%	(3.1)%	(3.9)%
East Texas	6.3%	10.0%	11.0%	10.9%
Appalachia	2.8%	5.7%	4.8%	14.5%
Other	0.3%	(3.7)%	(2.9)%	(1.9)%
Total	0.2%	(0.8)%	(1.5)%	(3.8)%

Source: U.S. Energy Information Administration, May 2007

The U.S. Energy Information Administration estimates that approximately $25 billion in new energy infrastructure projects will need to be developed within the next five years. The Investment Adviser believes that the current energy infrastructure shortage in the United States may drive pipeline and midstream MLP expansion projects and maintain competitive pricing for pipeline throughput capacity. Several major new pipeline projects are planned through 2008, with key projects targeting new natural gas production from the Rockies and the northern and eastern parts of Texas as well as imported liquefied natural gas from the Gulf Coast. In addition, the importation of more than one million barrels per day of Canadian oil from Alberta s oil sands has created the need for new oil pipelines and storage terminals from the Canadian border all the way south to the Cushing, Oklahoma storage and trading hub. The Investment Adviser believes that all of these new projects can provide multiple revenue opportunities for MLPs. The Investment Adviser believes that these large multi-year infrastructure projects can give MLPs an alternative to growth through acquisitions and make future cash flow growth more predictable.

Table of Contents

Major Natural Gas Pipeline Corridor Expansions
2006 through 2008

Region	Description	Throughout (MMcf/d)	Timeframe
Rockies	Connecting Piceance, Unita, Green River, and Powder River Basins to Interstate network	8,026	2006-2008
Southern California	North Baja Pipeline	572	2007
Wyoming to Louisiana	To interconnect with interstate network serving Northeast and Midwest markets	3,700	2008
Texas, Louisiana, Mississippi	To interconnect with interstate network serving Northeast and Midwest markets	9,990	2006-2008
Mexico	Exporting	4,000	2007
Mississippi	Includes offshore and LNG related projects	21,725	2006-2008
Florida	LNG sourced natural gas import from Bahamas	1,642	2008
Northern Florida	LNG sourced natural gas import from Elba	345	2007
New Jersey	Expansions on existing routes	2,190	2006-2008
Massachusetts	Import expansions	770	2007-2008
Detroit	Expansion to/from Canada	245	2007
Illinois	Multiple expansions between Iowa and Ohio	1,610	2007-2008
Wyoming to Missouri	KM Rockies Express	1,500	2008

Source: U.S. Energy Information Administration, May 2007

Securities

MLP Equity Securities. Equity securities issued by master limited partnership typically consist of common and subordinated units (which represent the limited partner or member interests) and a general partner or managing member interest.

Common Units. The common units of many master limited partnerships are listed and traded on national securities exchanges, including the NYSE, the AMEX and the NASDAQ. The Fund will typically purchase such common units through open market transactions and underwritten offerings, but may also acquire common units through direct placements and privately negotiated transactions. Holders of master limited partnership common units typically have very limited control and voting rights. Holders of such common units are typically entitled to receive the MQD, including arrearage rights, from the issuer. Generally, a master limited partnership must pay (or set aside for payment) the MQD to holders of common units before any distributions may be paid to subordinated unit holders. In addition, incentive distributions are typically not paid to the general partner or managing member unless the quarterly distributions on the common units exceed specified threshold levels above the MQD. In the event of a liquidation, common unit holders are intended to have a preference to the remaining assets of the issuer over holders of subordinated units. Master limited partnerships also issue different classes of common units that may have different voting, trading, and distribution rights. The Fund may invest in different classes of common units.

Subordinated Units. Subordinated units, which, like common units, represent limited partner or member interests, are not typically listed on an exchange or publicly traded. The Fund will typically purchase outstanding subordinated units through negotiated transactions directly with holders of such units or newly-issued subordinated units directly from the issuer. Holders of such subordinated units are generally entitled to receive a distribution only after the MQD and any arrearages from prior quarters have been paid to holders of common units. Holders of subordinated units typically have the right to receive distributions at and above the MQD before any incentive distributions are payable to the general partner or managing member. Subordinated units generally do not provide arrearage rights. Most master limited partnership subordinated units are convertible into common units after the passage of a specified period of time or upon the achievement by the issuer of specified financial goals. Master limited partnerships also issue different classes of subordinated units that may have different voting, trading, and distribution rights. The Fund may invest in different classes of subordinated units.

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

I-Shares. I-Shares represent an ownership interest issued by an MLP affiliate. The MLP affiliate uses the proceeds from the sale of I-Shares to purchase limited partnership interests in the MLP in the form of I-units. Thus, I-Shares represent an indirect limited partner interest in the master limited partnership. I-units have features similar to MLP common units in terms of voting rights, liquidation preference and distribution. I-Shares differ from MLP common units primarily in that instead of receiving cash distributions, holders of I-Shares will receive distributions of additional I-Shares in an amount equal to the cash distributions received by common unit holders. I-Shares are traded on the NYSE or the AMEX. For purposes of the Fund s 80% policy, securities that are derivatives of interests in MLPs are I-Shares or derivative securities that otherwise have economic characteristics of MLP securities.

Other Equity Securities. The Fund may invest in equity securities of issuers other than MLPs, including common stocks of Other Natural Resource Companies and issuers engaged in other sectors, including the finance and real estate sectors. Such issuers may be organized and/or taxed as corporations and therefore may not offer the advantageous tax characteristics of master limited partnership units.

Debt Securities. The Fund may invest in debt securities rated, at the time of investment, at least (i) B3 by Moody s Investors Service, Inc., (ii) B- by Standard & Poor s or Fitch Ratings, or (iii) a comparable rating by another rating agency, provided, however, that the Fund may invest up to 5% of the Fund s Managed Assets in lower rated or unrated debt securities. Debt securities rated below investment grade are commonly known as junk bonds and are regarded as predominantly speculative with respect to the issuer s capacity to pay interest and repay principal in accordance with the terms of the obligations, and involve major risk exposure to adverse conditions.

Non-U.S. Securities. The Fund may invest in non-U.S. securities, including, among other things, non-U.S. securities represented by ADRs. ADRs are certificates evidencing ownership of shares of a non-U.S. issuer that are issued by depositary banks and generally trade on an established market in the United States or elsewhere.

Investment Practices

In addition to holding the portfolio investments described above, the Fund may, but is not required to, use the following investment practices:

Use of Derivatives. The Fund may use derivative investments to hedge certain risks such as overall market, interest rate and commodity price risks. The Fund may engage in various interest rate and currency hedging transactions, including buying or selling options or futures, entering into other transactions including forward contracts, swaps or options on futures and other derivatives transactions. The Fund has claimed exclusion from the definition of the term commodity pool operator adopted by the CFTC and the National Futures Association, which regulate trading in the futures markets. Therefore, the Fund is not subject to commodity pool operator registration and regulation under the Commodity Exchange Act.

The Fund may engage in Strategic Transactions. The Fund generally seeks to use these transactions to manage its effective interest rate exposure, including the effective yield paid on any leverage used by the Fund, protect against possible adverse changes in the market value of the securities held in or to be purchased for its portfolio, or otherwise protect the value of its portfolio. See Principal Risks of the Fund Strategic Transactions Risk for a more complete discussion of these transactions and their risks.

In addition, the Fund may engage in transactions intended to hedge the currency risk to which it may be exposed. Currency hedging transactions in which the Fund may engage include buying or selling options or futures or entering into other foreign currency transactions including forward foreign currency contracts, currency swaps or options on currency and currency futures and other derivatives transactions. Hedging transactions can be expensive and have risks, including the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction or illiquidity of the derivative instruments. Furthermore, the ability to successfully use hedging transactions depends on the Investment Adviser s ability to predict pertinent market movements, which cannot be assured. See Principal Risks of the Fund Risks Associated with an Investment in Non-U.S. Companies Currency Hedging Risk.

The Fund may also sell short Treasury securities to hedge its interest rate exposure. When shorting Treasury securities, the loss is limited to the principal amount that is contractually required to be repaid at maturity and the interest expense that must be paid at the specified times. See Principal Risks of the Fund Short Sales Risk.

Use of Arbitrage and Other Strategies. The Fund may use short sales, arbitrage and other strategies to try to generate additional return. As part of such strategies, the Fund may engage in paired long-short trades to arbitrage pricing disparities in securities issued by MLPs and Other Natural Resource Companies, write (or sell) covered call options on the securities of MLPs and Other Natural Resource Companies or other securities held in its portfolio, write (or sell) uncovered call options on the securities of MLPs and Other Natural Resource Companies, purchase call options or enter into swap contracts to increase its exposure to MLPs and Other Natural Resource Companies, or sell securities short. With a long position, the Fund purchases a stock outright, but with a short position, it would sell a security that it does not own and must borrow to meet its settlement obligations. The Fund will realize a profit or incur a loss from a short position depending on whether the value of the underlying stock decreases or increases, respectively, between the time the stock is sold and when the Fund replaces the borrowed security. To increase its exposure to certain issuers, the Fund may purchase call options or use swap agreements. The Fund expects to use these strategies on a limited basis. See Principal Risks of the Fund Short Sales Risk and Principal Risks of the Fund Strategic Transactions Risk.

Portfolio Turnover. The Fund anticipates that its annual portfolio turnover rate will be approximately 25%, but that rate may vary greatly from year to year. Portfolio turnover rate is not considered a limiting factor in the

Table of Contents

Investment Adviser s execution of investment decisions. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund.

Use of Leverage

The Fund may seek to enhance its total returns through the use of financial leverage, which may include the issuance of Preferred Shares and other Leverage Instruments, in each case within the applicable limits of the 1940 Act. The Fund expects that it will initially leverage through borrowings in an aggregate amount of up to approximately 331/3% of its Managed Assets (i.e., 50% of its net assets attributable to the Fund s common shares). The Fund in the future may decide to leverage through the issuance of Preferred Shares or other means. After that decision, total leverage of the Fund is expected to range between 20% to 50% of the Fund s Managed Assets (i.e., 25% to 100% of its net assets attributable to the Fund s common shares). The Fund may borrow from banks and other financial institutions.

Leverage creates a greater risk of loss, as well as potential for more gain, for the Fund s common shares than if leverage is not used. Leverage Instruments would have complete priority upon distribution of assets over common shares. Depending on the type of Leverage Instruments involved, the Fund s use of financial leverage may require the approval of its Board of Trustees. The Fund expects to invest the net proceeds derived from any use or issuance of Leverage Instruments according to the investment objective and policies described in this prospectus. If shares of preferred stock are issued, they would pay adjustable rate dividends based on shorter-term interest rates, which would be reset periodically by an auction process. The adjustment period for preferred stock dividends could be as short as one day or as long as a year or more. So long as the Fund s portfolio is invested in securities that provide a higher rate of return than the dividend rate or interest rate of the Leverage Instrument after taking its related expenses into consideration, the leverage will cause the Fund s common shareholders to receive a higher rate of income than if it was not leveraged. There is no assurance that the Fund will utilize Leverage Instruments or, if Leverage Instruments are utilized, that they will be successful in enhancing the level of the Fund s total return. The net asset value of the Fund s common shares will be reduced by the fees and issuance costs of any Leverage Instruments. The Fund does not intend to use Leverage Instruments until the proceeds of this offering are substantially invested in accordance with its investment objective. The Fund anticipates that it will invest the majority of the net proceeds of the offering within three months, and may then use Leverage Instruments.

Leverage creates risk for holders of the Fund s common shares, including the likelihood of greater volatility of net asset value and market price of the shares, and the risk of fluctuations in dividend rates or interest rates on Leverage Instruments which may affect the return to the holders of the Fund s common shares or will result in fluctuations in the dividends paid by the Fund on its common shares. To the extent the return on securities purchased with funds received from the use of leverage exceeds the cost of leverage (including increased expenses to the Fund), the Fund s total return will be greater than if leverage had not been used. Conversely, if the return derived from such securities is less than the cost of leverage (including increased expenses to the Fund), the Fund s total return will be less than if leverage had not been used, and therefore, the amount available for distribution to the Fund s common shareholders will be reduced. In the latter case, the Investment Adviser in its best judgment nevertheless may determine to maintain the Fund s leveraged position if it expects that the benefits to the Fund s common shareholders of so doing will outweigh the current reduced return. Under normal market conditions, the Fund anticipates that it will be able to invest the proceeds from leverage at a higher rate than the costs of leverage (including increased expenses to the Fund), which would enhance returns to the Fund s common shareholders. The fees paid to the Investment Adviser will be calculated on the basis of the Fund s total assets including proceeds from Leverage Instruments. During periods in which the Fund uses financial leverage, the investment management fee payable to the Investment Adviser will be higher than if the Fund did not use a leveraged capital structure. Consequently, the Fund and the Investment Adviser may have differing interests in determining whether to leverage the Fund s assets. The Board of Trustees will monitor the Fund s use of leverage and this potential conflict.

The use of leverage creates risks and involves special considerations. To the extent that the Fund uses leverage, it expects to utilize hedging techniques such as swaps and caps on a portion of its leverage to mitigate potential interest rate risk. See Principal Risks of the Fund Leverage Risk and Principal Risks of the Fund Interest Rate Hedging Risk.

Delaware trust law authorizes the Fund, without prior approval of its common shareholders, to borrow money. In this regard, the Fund may issue notes or other evidence of indebtedness (including bank borrowings or commercial paper) and may secure any such borrowings by mortgaging, pledging or otherwise subjecting as security its assets. In connection with such borrowing, the Fund may be required to maintain minimum average balances with the lender or to pay a commitment or other fee to maintain a line of credit. Any such requirements will increase the cost of borrowing over the stated interest rate. Under the requirements of the 1940 Act, the Fund, immediately after any such borrowings, must have asset coverage of at least 300% (331/3% of its Managed Assets, or 50% of its net assets attributable to the Fund s common shares). With respect to such borrowing, asset coverage means the ratio which the value of the Fund s total assets, less all liabilities and indebtedness not represented by senior securities (as defined in the 1940 Act), bears to the aggregate amount of such borrowing represented by senior securities issued by the Fund.

The rights of the Fund s lenders to receive interest on and repayment of principal of any such borrowings will be senior to those of the Fund s common shareholders, and the terms of any such borrowings may contain provisions which limit certain of the Fund s activities, including the payment of dividends to the Fund s common shareholders in certain circumstances. Under the 1940 Act, the Fund may not declare any dividend or other distribution on any class of its stock, or purchase any such stock, unless its aggregate indebtedness has, at the time of the declaration of any such dividend or distribution, or at the time of any such purchase, an asset coverage of at least 300% after declaring the amount of such dividend, distribution or purchase price, as the case may be. Further, the 1940 Act does (in certain circumstances) grant the Fund s lenders certain voting rights in the event of default in the payment of interest on or repayment of principal. Subject to its ability to liquidate its relatively illiquid portfolio, the Fund intends to repay the borrowings. Any borrowing will likely be ranked senior or equal to all of the Fund s other existing and future borrowings.

Certain types of borrowings may result in the Fund being subject to covenants in credit agreements relating to asset coverage and portfolio composition requirements. The Fund may be subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which may issue ratings for the Leverage Instruments issued by the Fund. These guidelines may impose asset coverage or portfolio composition requirements that are more stringent than those imposed by the 1940 Act. It is not anticipated that these covenants or guidelines will impede the Investment Adviser from managing the Fund s portfolio in accordance with the Fund s investment objective and policies.

Under the 1940 Act, the Fund is not permitted to issue preferred stock unless immediately after such issuance the value of its total assets is at least 200% of the liquidation value of the outstanding preferred stock (i.e., the liquidation value may not exceed 50% of the Fund s total assets). In addition, the Fund is not permitted to declare any cash dividend or other distribution on its common shares unless, at the time of such declaration, the value of its total assets is at least 200% of such liquidation value. If the Fund issues preferred stock, it intends, to the extent possible, to purchase or redeem it from time to time to the extent necessary in order to maintain asset coverage on such preferred stock of at least 200%. In addition, as a condition to obtaining ratings on the preferred stock, the terms of any preferred stock issued are expected to include asset coverage maintenance provisions which will require the redemption of the preferred stock in the event of non-compliance by the Fund and may also prohibit dividends and other distributions on the Fund s common shares in such circumstances. In order to meet redemption requirements, the Fund may have to liquidate portfolio securities. Such liquidations and redemptions would cause the Fund to incur related transaction costs and could result in capital losses to the Fund. If the Fund has preferred stock outstanding, two of its Trustees will be elected by the holders of preferred stock as a class. The Fund s remaining Trustees will be elected by holders of its common shares and preferred shares voting together as a single class. In the event the Fund fails to pay dividends on its preferred shares for two years, holders of preferred shares would be entitled to elect a majority of its Trustees.

The Fund may also borrow money as a temporary measure for extraordinary or emergency purposes, including the payment of dividends and the settlement of securities transactions which otherwise might require untimely dispositions of its securities.

Table of Contents

Credit Facility

If the Fund leverages through borrowings, the Fund may enter into definitive agreements with respect to a credit facility. The Fund may negotiate with commercial banks to arrange a credit facility pursuant to which the Fund would be entitled to borrow an amount equal to approximately one-third (33 1/3%) of the Fund s Managed Assets (i.e., 50% of its net assets attributable to the Fund s common shares). Any such borrowings would constitute financial leverage. Such a facility is not expected to be convertible into any other securities of the Fund. Any outstanding amounts are expected to be prepayable by the Fund prior to final maturity without significant penalty, and there are not expected to be any sinking fund or mandatory retirement provisions. Outstanding amounts would be payable at maturity or such earlier times as required by the agreement. The Fund may be required to prepay outstanding amounts under the facility or incur a penalty rate of interest in the event of the occurrence of certain events of default. The Fund would be expected to indemnify the lenders under the facility against liabilities they may incur in connection with the facility. The Fund may be required to pay commitment fees under the terms of any such facility. With the use of borrowings, there is a risk that the interest rates paid by the Fund on the amount it borrows will be higher than the return on the Fund s investments.

In addition, the Fund expects that such a credit facility would contain covenants that, among other things, likely will limit the Fund s ability to: (i) pay distributions in certain circumstances, (ii) incur additional debt and (iii) change its fundamental investment policies and engage in certain transactions, including mergers and consolidations. In addition, it may contain a covenant requiring asset coverage ratios in addition to those required by the 1940 Act. The Fund may be required to pledge its assets and to maintain a portion of its assets in cash or high-grade securities as a reserve against interest or principal payments and expenses. The Fund expects that any credit facility would have customary covenant, negative covenant and default provisions. There can be no assurance that the Fund will enter into an agreement for a credit facility on terms and conditions representative of the foregoing or that additional material terms will not apply. In addition, if entered into, any such credit facility may in the future be replaced or refinanced by one or more credit facilities having substantially different terms or by the issuance of Preferred Shares.

Effects of Leverage

Assuming the utilization of leverage in the amount of 331/3% of the Fund s Managed Assets (i.e., 50% of its net assets attributable to the Fund s common shares) and an annual interest rate of 5.50% on borrowings payable on such leverage based on market rates as of the date of this prospectus, the additional income that the Fund must earn (net of expenses) in order to cover such distribution payments is 1.83%. The Fund s actual cost of leverage will be based on market rates at the time the Fund undertakes a leveraging strategy, and such actual costs of leverage may be higher or lower than that assumed in the previous example.

The following table is designed to illustrate the effect on the return to a holder of the Fund s common shares of leverage in the amount of approximately 331/3% of the Fund s Managed Assets (i.e., 50% of its net assets attributable to the Fund s common shares), assuming hypothetical annual returns of the Fund s portfolio of minus 10% to plus 10%. As the table shows, leverage generally increases the return to holders of common shares when portfolio return is positive and greater than the cost of leverage and decreases the return when the portfolio return is negative or less than the cost of leverage. The figures appearing in the table are hypothetical and actual returns may be greater or less than those appearing in the table. See Principal Risks of the Fund.

Assumed Portfolio Total Return (Net of Expenses)	(10)%	(5)%	0%	5%	10%
Common Share Total Return	(17.75)%	(10.25)%	(2.75)%	4.75%	12.25%

Common share total return is composed of two elements: common share dividends paid by the Fund (the amount of which is largely determined by the Fund s net investment income after paying dividends or interest on its Leverage Instruments) and gains or losses on the value of the securities the Fund owns. As required by SEC rules, the table above assumes that the Fund is more likely to suffer capital losses than to enjoy capital appreciation. For example, to assume a total return of 0%, the Fund must assume that the distributions it receives on its investments are entirely offset by losses in the value of those securities.

Table of Contents

Lending of Portfolio Securities

The Fund may lend its portfolio securities to broker-dealers and banks. Any such loan must be continuously secured by collateral in cash or cash equivalents maintained on a current basis in an amount at least equal to 102% of the value of the securities loaned. The Fund would continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned, and would also receive an additional return that may be in the form of a fixed fee or a percentage of the collateral. The Fund may pay reasonable fees for services in arranging these loans. The Fund would have the right to call the loan and obtain the securities loaned at any time on notice of not more than five (5) business days. The Fund would not have the right to vote the securities during the existence of the loan but would call the loan to permit voting of the securities, if, in the Investment Adviser s judgment, a material event requiring a shareholder vote would otherwise occur before the loan was repaid. In the event of bankruptcy or other default of the borrower, the Fund could experience both delays in liquidating the loan collateral or recovering the loaned securities and losses, including (a) possible decline in the value of the collateral or in the value of the securities loaned during the period while the Fund seeks to enforce its rights to the collateral or loaned securities, (b) possible subnormal levels of income and lack of access to income during this period, and (c) expenses of enforcing its rights.

PRINCIPAL RISKS OF THE FUND

General

Risk is inherent in all investing. The following discussion summarizes some of the risks that a potential investor should consider before deciding to purchase the Fund s common shares.

No Operating or Trading History. The Fund is a newly organized, non-diversified, closed-end management investment company and it has no operating or public trading history. Being a recently organized company, the Fund is subject to all of the business risks and uncertainties associated with any new business, including the risk that the Fund will not achieve its investment objective and that the value of an investment in the Fund could decline substantially.

Investment and Market Risk. An investment in the Fund s common shares is subject to investment risk, including the possible loss of an investor s entire investment. An investment in the Fund s common shares represents an indirect investment in the securities owned by the Fund, some of which will be traded on a national securities exchange or in the over-the-counter markets. The value of the securities in the Fund s portfolio, like other market investments, may move up or down, sometimes rapidly and unpredictably. The value of the securities in which the Fund invests will affect the value of its common shares. The Fund s common shares at any point in time may be worth less than at the time of original investment, even after taking into account the reinvestment of the Fund s dividends. The Fund is primarily a long-term investment vehicle and should not be used for short-term trading. An investment in the Fund s common shares is not intended to constitute a complete investment program and should not be viewed as such.

Market Discount From Net Asset Value Risk. Shares of closed-end funds frequently trade at discounts to their net asset value. This characteristic is a risk separate and distinct from the risk that the Fund s net asset value could decrease as a result of its investment activities and may be greater for investors expecting to sell their shares in a relatively short period following completion of this offering. The net asset value of the Fund s common shares will be reduced immediately following the offering as a result of the payment of certain offering costs. Although the value of the Fund s net assets is generally considered by market participants in determining whether to purchase or sell shares, whether investors will realize gains or losses upon the sale of the Fund s common shares will depend entirely upon whether the market price of its common shares at the time of sale is above or below the investor s purchase price for the Fund s common shares. Because the market price of the Fund s common shares will be affected by factors such as net asset value, dividend or distribution levels (which are dependent, in part, on expenses), supply of and demand for the Fund s common shares, stability of dividends or distributions, trading volume of the Fund s common shares, general market and economic conditions, and other factors beyond the control of the Fund, the Fund cannot predict whether its common shares will trade at, below or above net asset value or at, below or above the initial public offering price.

Sector Concentration Risk

Under normal market conditions, and once it is fully invested in accordance with its investment objective, the Fund will have at least 80% of its net assets, plus any borrowings for investment purposes, invested in MLP investments, which operate primarily in the natural resource sector. There are risks inherent in the natural resource sector and the businesses of MLPs and Other Natural Resource Companies, including those described below.

MLP and Other Natural Resource Company Risks

Commodity Price Risk. The return on the Fund s investments in MLPs and Other Natural Resource Companies will be dependent on the operating margins received and cash flows generated by those companies from the exploration for, and development, production, gathering, transportation, processing, storage, refining, distribution, mining or marketing of, coal, natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons. These operating margins and cash flows may fluctuate widely in response to a variety of factors, including global and domestic economic conditions, weather conditions, natural disasters, the supply and price of imported natural resources, political instability, conservation efforts and governmental regulation. Natural resource commodity prices have been very volatile in the past and such volatility is expected to continue. MLPs and Other Natural Resource Companies engaged in crude oil and natural gas exploration, development or production, natural gas gathering and processing, crude oil refining and transportation and coal mining or sales may be directly affected by their respective natural resource commodity prices. The volatility of, and interrelationships between, commodity prices can also indirectly affect certain other MLPs and Other Natural Resource Companies due to the potential impact on the volume of commodities transported, processed, stored or distributed. Some MLPs or Other Natural Resource Companies that own the underlying energy commodity may be unable to effectively mitigate or manage direct margin exposure to commodity price levels. The prices of MLP and Other Natural Resource Companies securities can be adversely affected by market perceptions that their performance and distributions or dividends are directly tied to commodity prices.

Cyclicality Risk. The operating results of companies in the broader natural resource sector are cyclical, with fluctuations in commodity prices and demand for commodities driven by a variety of factors. Commodity prices and natural resource asset values are near historically high levels. The highly cyclical nature of the natural resource sector may adversely affect the earnings or operating cash flows of the MLPs and Other Natural Resource Companies in which the Fund will invest.

Supply Risk. The profitability of MLPs and Other Natural Resource Companies, particularly those involved in processing, gathering and pipeline transportation, may be materially impacted by the volume of natural gas or other energy commodities available for transportation, processing, storage or distribution. A significant decrease in the production of natural gas, crude oil, coal or other energy commodities, due to the decline of production from existing resources, import supply disruption, depressed commodity prices or otherwise, would reduce the revenue, operating income and operating cash flows of MLPs and Other Natural Resource Companies and, therefore, their ability to make distributions or pay dividends.

Demand Risk. A sustained decline in demand for coal, natural gas, natural gas liquids, crude oil and refined petroleum products could adversely affect an MLP s or an Other Natural Resource Company s revenues and cash flows. Factors that could lead to a sustained decrease in market demand include a recession or other adverse economic conditions, an increase in the market price of the underlying commodity that is not, or is not expected to be, merely a short-term increase, higher taxes or other regulatory actions that increase costs, or a shift in consumer demand for such products. Demand may also be adversely affected by consumer sentiment with respect to global warming and by state or federal legislation intended to promote the use of alternative energy sources.

Risks Relating to Expansions and Acquisitions. MLPs and Other Natural Resource Companies employ a variety of means to increase cash flow, including increasing utilization of existing facilities, expanding operations through new construction or development activities, expanding operations through acquisitions, or securing additional long-term contracts. Thus, some MLPs or Other Natural Resource Companies may be subject to construction risk, development risk, acquisition risk or other risks arising from their specific business strategies. MLPs and Other Natural Resource Companies that attempt to grow through acquisitions may not be able to effectively integrate acquired operations with their existing operations. In addition, acquisition or expansion

Table of Contents

projects may not perform as anticipated. A significant slowdown in merger and acquisition activity in the natural resource sector could reduce the growth rate of cash flows received by the Fund from MLPs and Other Natural Resource Companies that grow through acquisitions.

Competition Risk. The natural resource sector is highly competitive. The MLPs and Other Natural Resource Companies in which the Fund will invest will face substantial competition from other companies, many of which will have greater financial, technological, human and other resources, in acquiring natural resource assets, obtaining and retaining customers and contracts and hiring and retaining qualified personnel. Larger companies may be able to pay more for assets and may have a greater ability to continue their operations during periods of low commodity prices. To the extent that the MLPs and Other Natural Resource Companies in which the Fund will invest are unable to compete effectively, their operating results, financial position, growth potential and cash flows may be adversely affected, which could in turn adversely affect the results of the Fund.

Weather Risk. Extreme weather conditions, such as Hurricane Ivan in 2004 and Hurricanes Katrina and Rita in 2005, could result in substantial damage to the facilities of certain MLPs and Other Natural Resource Companies located in the affected areas and significant volatility in the supply of natural resources, commodity prices and the earnings of MLPs and Other Natural Resource Companies, and could therefore adversely affect their securities.

Interest Rate Risk. The prices of the equity and debt securities of the MLPs and Other Natural Resource Companies the Fund expects to hold in its portfolio are susceptible in the short term to a decline when interest rates rise. Rising interest rates could limit the capital appreciation of securities of certain MLPs as a result of the increased availability of alternative investments with yields comparable to those of MLPs. Rising interest rates could adversely impact the financial performance of MLPs and Other Natural Resource Companies by increasing their cost of capital. This may reduce their ability to execute acquisitions or expansion projects in a cost effective manner.

MLP Structure Risk. Holders of MLP units are subject to certain risks inherent in the structure of MLPs, including (i) tax risks (described further below), (ii) the limited ability to elect or remove management or the general partner or managing member (iii) limited voting rights, except with respect to extraordinary transactions, and (iv) conflicts of interest between the general partner or managing member and its affiliates, on the one hand, and the limited partners or members, on the other hand, including those arising from incentive distribution payments or corporate opportunities.

Sub-Sector Specific Risk. MLPs and Other Natural Resource Companies are also subject to risks that are specific to the particular sub-sector of the natural resources sector in which they operate.

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

allowance policy were to change in the future to disallow a material portion of the income tax allowance taken by such interstate pipeline companies, it would adversely impact the maximum tariff rates that such companies are permitted to charge for their transportation services, which would in turn adversely affect the results of operations and cash flows of those companies and their ability to pay cash distributions or dividends to their unit holders or shareholders.

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

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

Propane. Propane companies are subject to earnings variability based upon weather patterns in the locations where they operate and increases in the wholesale price of propane which reduce profit margins. In addition, propane companies are facing increased competition due to the growing availability of natural gas, fuel oil and alternative energy sources for residential heating.

Coal. Coal companies are subject to declines in the demand for and prices of coal. Demand variability can be based on weather conditions, the strength of the domestic economy, the level of coal stockpiles in their customer base, and the prices of competing sources of fuel for electric generation. They are also subject to supply variability based on geological conditions that reduce the productivity of mining operations, the availability of regulatory permits for mining activities and the availability of coal that meets the standards of the Clean Air Act. Demand and prices for coal may also be affected by current and proposed regulatory limitations on emissions from coal-fired power plants and the facilities of other coal end users. Such limitations may reduce demand for the coal produced and transported by coal companies. Certain coal companies could face declining revenues if they are unable to acquire additional coal reserves or other mineral reserves that are economically recoverable.

Marine shipping. Marine shipping companies are subject to supply of and demand for, and level of consumption of, natural gas, liquefied natural gas, crude oil, refined petroleum products and liquefied petroleum gases in the supply areas and market areas they serve, which affect the demand for marine shipping services and therefore charter rates. Shipping companies vessels and cargoes are also subject to the risk of being damaged or lost due to marine disasters, extreme weather, mechanical failures, grounding, fire, explosions, collisions, human error, piracy, war and terrorism. Some vessels may also require replacement or significant capital improvements earlier than otherwise required due to changing regulatory standards. Shipping companies or their ships may be chartered in any country and the Fund s investments in such issuers may be subject to risks similar to risks related to investments in non-U.S. securities.

Cash Flow Risk. The Fund will derive substantially all of its cash flow from investments in equity securities of MLPs and Other Natural Resource Companies. The amount of cash that the Fund has available to distribute to shareholders will depend on the ability of the MLPs and Other Natural Resource Companies in which the Fund has

Table of Contents

an interest to make distributions or pay dividends to their investors and the tax character of those distributions or dividends. The Fund will likely have no influence over the actions of the MLPs in which it invests with respect to the payment of distributions or dividends, and may only have limited influence over Other Natural Resource Companies in that regard. The amount of cash that any individual MLP or Other Natural Resource Company can distribute to its investors, including the Fund, will depend on the amount of cash it generates from operations, which will vary from quarter to quarter depending on factors affecting the natural resource sector generally and the particular business lines of the issuer. Available cash will also depend on the MLP s or Other Natural Resource Company s operating costs, capital expenditures, debt service requirements, acquisition costs (if any), fluctuations in working capital needs and other factors. The cash that a master limited partnership will have available for distribution will also depend on the incentive distributions payable to its general partner or managing member in connection with distributions paid to its equity investors.

Regulatory Risk. The profitability of MLPs and Other Natural Resource Companies could be adversely affected by changes in the regulatory environment. MLPs and Other Natural Resource Companies are subject to significant foreign, federal, state and local regulation in virtually every aspect of their operations, including with respect to how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for the products and services they provide. Such regulation can change over time in both scope and intensity. For example, a particular by-product may be declared hazardous by a regulatory agency and unexpectedly increase production costs. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may adversely affect the financial performance of MLPs and Other Natural Resource Companies.

Specifically, the operations of wells, gathering systems, pipelines, refineries and other facilities are subject to stringent and complex federal, state and local environmental laws and regulations. These include, for example:

- the federal Clean Air Act and comparable state laws and regulations that impose obligations related to air emissions;

- the federal Clean Water Act and comparable state laws and regulations that impose obligations related to discharges of pollutants into regulated bodies of water;

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

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

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

There is an inherent risk that MLPs and Other Natural Resource Companies may incur environmental costs and liabilities due to the nature of their businesses and the substances they handle. For example, an accidental release from wells or gathering pipelines could subject them to substantial liabilities for environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage, and fines or penalties for related violations of environmental laws or regulations. Moreover, the possibility exists that stricter laws, regulations or enforcement policies could significantly increase the compliance costs of

MLPs and Other Natural Resource Companies, and the cost of any remediation that may become necessary. MLPs and Other Natural Resource Companies may not be able to recover these costs from insurance.

Proposals for voluntary initiatives and mandatory controls are being discussed both in the United States and worldwide to reduce emissions of greenhouse gases such as carbon dioxide, a by-product of burning fossil fuels, and methane, the major constituent of natural gas, which many scientists and policymakers believe contribute to global climate change. These measures, if adopted, could result in increased costs to certain companies in which the Fund may invest to operate and maintain Natural Resource facilities and administer and manage a greenhouse gas emissions program.

In the wake of a recent Supreme Court decision holding that the Environmental Protection Agency (EPA) has some legal authority to deal with climate change under the Clean Air Act, the federal government announced on May 14, 2007 that the EPA and the Departments of Transportation, Energy, and Agriculture would jointly write regulations to cut gasoline use and control greenhouse gas emissions from cars and trucks. These measures if adopted could reduce demand for energy or raise prices, which may adversely affect the total return of certain of the Fund s investments.

Affiliated Party Risk. Certain MLPs and Other Natural Resource Companies are dependent on their parents or sponsors for a majority of their revenues. Any failure by an MLP s or an Other Natural Resource Company s parents or sponsors to satisfy their payments or obligations would impact the MLP s or Other Natural Resource Company s revenues and cash flows and ability to make distributions. Moreover, the terms of an MLP s or an Other Natural Resource Company s transactions with its parent or sponsor are typically not arrived at on an arm s-length basis, and may not be as favorable to the MLP or Other Natural Resource Company as a transaction with a non-affiliate.

Catastrophe Risk. The operations of MLPs and Other Natural Resource Companies are subject to many hazards inherent in the exploration for, and development, production, gathering, transportation, processing, storage, refining, distribution, mining or marketing of, coal, natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons, including: damage to production equipment, pipelines, storage tanks or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters or by acts of terrorism; inadvertent damage from construction or other equipment; leaks of natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons; and fires and explosions. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage, and may result in the curtailment or suspension of their related operations. Not all MLPs or Other Natural Resource Companies are fully insured against all risks inherent to their businesses. If a significant accident or event occurs that is not fully insured, it could adversely affect the MLP s or Other Natural Resource Company s operations and financial condition.

Risks Associated with an Investment in IPOs

Securities purchased in IPOs are often subject to the general risks associated with investments in companies with small market capitalizations, and typically to a heightened degree. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in an IPO may be highly volatile. At any particular time or from time to time, the Fund may not be able to invest in IPOs, or to invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be available to the Fund. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. The investment performance of the Fund during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when it is able to do so.

IPO securities may be volatile, and the Fund cannot predict whether investments in IPOs will be successful. As the Fund grows in size, the positive effect of IPO investments on the Fund may decrease.

Table of Contents

Risks Associated with an Investment in PIPE Transactions

PIPE investors purchase securities directly from a publicly traded company in a private placement transaction, typically at a discount to the market price of the company s common stock. Because the sale of the securities is not registered under the Securities Act of 1933, as amended (the Securities Act), the securities are restricted and cannot be immediately resold by the investors into the public markets. Accordingly, the company typically agrees as part of the PIPE deal to register the restricted securities with the SEC. PIPE securities may be deemed illiquid.

Privately Held Company Risk

Investing in privately held companies involves risk. For example, privately held companies are not subject to SEC reporting requirements, are not required to maintain their accounting records in accordance with generally accepted accounting principles, and are not required to maintain effective internal controls over financial reporting. As a result, the Investment Adviser may not have timely or accurate information about the business, financial condition and results of operations of the privately held companies in which the Fund invests. In addition, the securities of privately held companies are generally illiquid, and entail the risks described under Liquidity Risk below.

Liquidity Risk

The investments made by the Fund, including investments in MLPs, may be illiquid and consequently the Fund may not be able to sell such investments at prices that reflect the Investment Adviser s assessment of their value, the amount paid for such investments by the Fund or at prices approximating the value at which the Fund is carrying the securities on its books. Furthermore, the nature of the Fund s investments may require a long holding period prior to profitability.

Although the equity securities of the MLPs and Other Natural Resource Companies in which the Fund invests generally trade on major stock exchanges, certain securities may trade less frequently, particularly those with smaller capitalizations. Securities with limited trading volumes may display volatile or erratic price movements. Investment of the Fund s capital in securities that are less actively traded or over time experience decreased trading volume may restrict the Fund s ability to take advantage of other market opportunities.

The Fund also expects to invest in unregistered or otherwise restricted securities. Unregistered securities are securities that cannot be sold publicly in the United States without registration under the Securities Act, unless an exemption from such registration is available. Restricted securities may be more difficult to value and the Fund may have difficulty disposing of such assets either in a timely manner or for a reasonable price. In order to dispose of an unregistered security, the Fund, where it has contractual rights to do so, may have to cause such security to be registered. A considerable period may elapse between the time the decision is made to sell the security and the time the security is registered so that the Fund could sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and acquiror of the securities. The Fund would, in either case, bear the risks of any downward price fluctuation during that period. The difficulties and delays associated with selling restricted securities could result in the Fund s inability to realize a favorable price upon disposition of such securities, and at times might make disposition of such securities impossible.

Tax Risks

In addition to other risk considerations, an investment in the Fund s common shares will involve certain tax risks, including, but not limited to, the risks summarized below and discussed in more detail elsewhere in this prospectus. Tax matters are complicated, and the foreign and U.S. federal, state and local tax consequences of the purchase and ownership of the Fund s common shares will depend on the facts of each investor s situation. Prospective investors are encouraged to consult their own tax advisers regarding the specific tax consequences that may affect such investors.

Tax Law Changes. Changes in tax laws, regulations or interpretations of those laws or regulations in the future could adversely affect the Fund or the MLPs or Other Natural Resource Companies in which the Fund will invest. Any such changes could negatively impact the Fund s common shareholders. Legislation could also negatively impact the amount and tax characterization of dividends received by the Fund s common shareholders. Federal legislation has reduced the tax rate on qualified dividend income to the rate applicable to long-term capital gains, which is generally 15% for individuals, provided a holding period requirement and certain other requirements are met. This reduced rate of tax on dividends is currently scheduled to revert to ordinary income tax rates for taxable years beginning after December 31, 2010, and the 15% federal income tax rate for long-term capital gains is scheduled to revert to 20% for such taxable years.

Tax Risk of MLPs. The Fund s ability to meet its investment objective will depend partially on the amounts of taxable income, distributions and dividends it receives from the securities in which it will invest, a factor over which it has no control. The benefit the Fund will derive from its investment in master limited partnerships is largely dependent on the master limited partnerships being treated as partnerships for federal income tax purposes. As a partnership, a master limited partnership has no federal income tax liability at the entity level. If, as a result of a change in current law or a change in a master limited partnership s business, a master limited partnership were to be treated as a corporation for federal income tax purposes, it would be subject to federal income tax on its income at the graduated tax rates applicable to corporations (currently a maximum rate of 35%). In addition, if a master limited partnership were to be classified as a corporation for federal income tax purposes, the amount of cash available for distribution by it would be reduced and distributions received by the Fund from it would be taxed under federal income tax laws applicable to corporate distributions (as dividend income, return of capital, or capital gain). Therefore, treatment of master limited partnerships as corporations for federal income tax purposes would result in a reduction in the after-tax return to the Fund, likely causing a reduction in the value of the Fund s common shares.

Deferred Tax Risks of MLPs. As a limited partner or member in the MLPs in which the Fund will invest, the Fund will be required to include in its taxable income its allocable share of income, gains, losses, deductions, and credits from those master limited partnerships, regardless of whether they distribute any cash to the Fund. Historically, a significant portion of the income from master limited partnerships has been offset by tax deductions. The Fund will incur a current tax liability on its allocable share of a master limited partnership s income and gains that is not offset by tax deductions, losses and credits, or its net operating loss carryforwards, if any. The portion, if any, of a distribution received by the Fund from a master limited partnership that is offset by the master limited partnership s tax deductions, losses or credits will be treated as a tax-advantaged return of capital. However, those distributions will reduce the Fund s adjusted tax basis in the equity securities of the master limited partnership, which will result in an increase in the amount of gain (or decrease in the amount of loss) that will be recognized by the Fund for tax purposes upon the sale of any such equity securities or upon subsequent distributions in respect of such equity securities. The percentage of a master limited partnership s income and gains that is offset by tax deductions, losses and credits will fluctuate over time for various reasons. A significant slowdown in acquisition activity or capital spending by master limited partnerships held in the Fund s portfolio could result in a reduction of accelerated depreciation generated by new acquisitions, which may result in increased current tax liability for the Fund.

The Fund will accrue deferred income taxes for its future tax liability associated with that portion of master limited partnership distributions considered to be a tax-advantaged return of capital, as well as for its future tax liability associated with the capital appreciation of its investments. Upon the Fund s sale of a master limited partnership security, the Fund may be liable for previously deferred taxes. The Fund will rely to some extent on information provided by master limited partnerships, which is not necessarily timely, to estimate deferred tax liability for purposes of financial statement reporting and determining its net asset value. From time to time, the Fund will modify its estimates or assumptions regarding its deferred tax liability as new information becomes available.

Tax Risks of Corporations. The Fund intends to invest in companies that are classified as corporations for federal income tax purposes. Any distributions received by the Fund from these companies will be taxed under federal income tax laws applicable to corporate distributions (as dividend income, return of capital or capital gain). The amount of a corporate distribution taxable to the Fund as a dividend will depend upon the earnings and profits of the company making the distribution. Historically, the types of corporate Other Natural Resource Companies in which the Fund intends to invest generally have paid dividends to their equity holders in excess of earnings and profits. However, the earnings and profits of an Other Natural Resource Company will fluctuate over time for a variety of reasons, including those discussed in this prospectus. An increase in a corporation s earnings and profits may result in a greater proportion of its corporate distributions being treated as a taxable dividend, resulting in an increased current tax liability to the Fund. In addition, the Fund may invest in PFICs. As a result of an investment in a PFIC, the Fund may be subject to an interest charge or, if it makes a certain election, may be required to recognize taxable income related to such investment prior to its receipt of the corresponding cash.

Deferred Tax Risks of Investing in the Fund s Common Shares. A reduction in the percentage of the distributions received by the Fund that are offset by tax deductions, losses or credits, or an increase in its portfolio turnover, will reduce that portion of its common share dividend treated as a tax-advantaged return of capital and increase that portion treated as dividend income, resulting in lower after-tax dividends to its common shareholders. See Tax Matters.

Risks Associated with an Investment in Non-U.S. Companies

Non-U.S. Securities Risk. Investing in securities of non-U.S. issuers involves certain risks not involved in domestic investments, including, but not limited to: fluctuations in currency exchange rates; future foreign economic, financial, political and social developments; different legal systems; the possible imposition of exchange controls or other foreign governmental laws or restrictions; lower trading volume; greater price volatility and illiquidity; different trading and settlement practices; less governmental supervision; high and volatile rates of inflation; fluctuating interest rates; less publicly available information; and different accounting, auditing and financial recordkeeping standards and requirements.

Non-U.S. Currency Risk. Because the Fund may invest in securities denominated or quoted in non-U.S. currencies, changes in the non-U.S. currency/U.S. dollar exchange rate may affect the value of the Fund s securities and the unrealized appreciation or depreciation of its investments.

Currency Hedging Risk. The Fund may in the future hedge against currency risk resulting from investing in non-U.S. MLPs and Other Natural Resource Companies valued in non-U.S. currencies. Currency hedging transactions in which the Fund may engage include buying or selling options or futures or entering into other foreign currency transactions including forward foreign currency contracts, currency swaps or options on currency and currency futures and other derivatives transactions. Hedging transactions can be expensive and have risks, including the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction or the illiquidity of the derivative instruments. Furthermore, the ability to successfully use hedging transactions depends on the Investment Adviser s ability to predict pertinent market movements, which cannot be assured. Thus, the use of hedging transactions may result in losses greater than if they had not been used, may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold a security that the Fund might otherwise sell. The use of hedging transactions may result in the Fund incurring losses as a result of matters beyond the Fund s control. For example losses may be incurred because of the imposition of exchange controls, the suspension of settlements or the Fund s inability to deliver or receive a specified currency.

Emerging Markets Risk. Investments in emerging markets instruments, while generally providing greater potential opportunity for capital appreciation and higher yields than investments in more developed market instruments, may also involve greater risk. Emerging markets may be subject to economic, social and political risks not applicable to instruments of developed market issuers, such as repatriation, exchange control or other monetary restrictions, taxation risks, and special considerations due to limited publicly available information, less stringent regulatory standards, and lack of uniformity in accounting.

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Fund, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Interest Rate Risk

The costs associated with any leverage used by the Fund are likely to increase when interest rates rise. Accordingly, the market price of the Fund s common shares may decline when interest rates rise.

Legal and Regulatory Risk

Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. The regulatory environment for closed-end funds is evolving, and changes in the regulation of closed-end funds may adversely affect the value of investments held by the Fund and the ability of the Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategy. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by governmental and judicial action. The effect of any future regulatory change on the Fund could be substantial and adverse.

Interest Rate Hedging Risk

The Fund may in the future hedge against interest rate risk resulting from the Fund s portfolio holdings and any financial leverage it may incur. Interest rate transactions the Fund may use for hedging purposes will expose the Fund to certain risks that differ from the risks associated with its portfolio holdings. There are economic costs of hedging reflected in the price of interest rate swaps, caps and similar techniques, the cost of which can be significant. In addition, the Fund s success in using hedging instruments is subject to the Investment Adviser s ability to correctly predict changes in the relationships of such hedging instruments to the Fund s leverage risk, and there can be no assurance that the Investment Adviser s judgment in this respect will be accurate. Depending on the state of interest rates in general, the Fund s use of interest rate hedging instruments could enhance or decrease investment company taxable income available to the holders of its common shares. To the extent there is a decline in interest rates, the value of interest rate swaps or caps could decline, and result in a decline in the net asset value of the Fund s common shares. In addition, if the counterparty to an interest rate swap or cap defaults, the Fund would not be able to use the anticipated net receipts under the interest rate swap or cap to offset its cost of financial leverage.

Arbitrage Risk

A part of the Investment Adviser s investment operations may involve spread positions between two or more securities, or derivatives positions including commodities hedging positions, or a combination of the foregoing. The Investment Adviser s trading operations also may involve arbitraging between two securities or commodities, between the security, commodity and related options or derivatives markets, between spot and futures or forward markets, and/or any combination of the above. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably, causing a loss to the position.

Delay in Use of Proceeds

Although the Fund intends to invest the proceeds of this offering in accordance with the Fund s investment objective as soon as practicable, such investments, particularly those in unregistered or otherwise restricted securities, may be delayed if suitable investments are unavailable at the time or if the Fund is unable to secure firm commitments for direct placements. The Fund anticipates that it will be fully invested in accordance with its investment objective within three months after the completion of the offering. Prior to the time the Fund is fully invested, the proceeds of the offering may temporarily be invested in cash, cash equivalents, or in debt securities that are rated AA or higher. Income received by the Fund from these securities would likely be less than returns sought pursuant to the Fund s investment objective and policies. As a result, the return on the Fund s common shares in the first year of its investment operations is expected to be lower than when the Fund is fully invested in accordance with its investment objective and policies. See Use of Proceeds.

Equity Securities Risk

Master limited partnership common units and other equity securities of master limited partnerships and Other Natural Resource Companies can be affected by macroeconomic, political, global and other factors affecting the stock market in general, expectations of interest rates, investor sentiment towards master limited partnerships or the natural resource sector, changes in a particular company s financial condition, or the unfavorable or unanticipated poor performance of a particular master limited partnership or Other Natural Resource Company (which, in the case of a master limited partnership, is generally measured in terms of distributable cash flow). Prices of common units and other equity securities of individual master limited partnerships and Other Natural Resource Companies can also be affected by fundamentals unique to the partnership or company, including earnings power and coverage ratios.

MLP Subordinated Units. Master limited partnership subordinated units are not typically listed on an exchange or publicly traded. Holders of master limited partnership subordinated units are entitled to receive a distribution only after the MQD has been paid to holders of common units, but prior to payment of incentive distributions to the general partner or managing member. Master limited partnership subordinated units generally do not provide arrearage rights. Most master limited partnership subordinated units are convertible into common units after the passage of a specified period of time or upon the achievement by the master limited partnership of specified financial goals.

General Partner and Managing Member Interests. General partner and managing member interests are not publicly traded, though they may be owned by publicly traded entities such as GP MLPs. A holder of general partner or managing member interests can be liable in certain circumstances for amounts greater than the amount of the holder s investment. In addition, while a general partner or managing member s incentive distribution rights can mean that general partners and managing members have higher distribution growth prospects than their underlying master limited partnerships, these incentive distribution payments would decline at a greater rate than the decline rate in quarterly distributions to common or subordinated unit holders in the event of a reduction in the master limited partnership s quarterly distribution. A general partner or managing member interest can be redeemed by the master limited partnership if the master limited partnership unit holders choose to remove the general partner, typically by a supermajority vote of the limited partners or members.

Small-Cap and Mid-Cap Company Risk

Certain of the MLPs and Other Natural Resource Companies in which the Fund may invest may have small or medium-sized market capitalizations (small-cap and mid-cap companies, respectively). Investing in the securities of small-cap or mid-cap MLPs and Other Natural Resource Companies presents some particular investment risks. These MLPs and Other Natural Resource Companies may have limited product lines and markets, as well as shorter operating histories, less experienced management and more limited financial resources than larger MLPs and Other Natural Resource Companies, and may be more vulnerable to adverse general market or economic developments. Stocks of these MLPs and Other Natural Resource Companies may be less liquid than those of larger MLPs and Other Natural Resource Companies, and may experience greater price fluctuations than larger MLPs and Other Natural Resource Companies. In addition, small-cap or mid-cap company securities may not be widely followed by investors, which may result in reduced demand.

Leverage Risk

The Fund may use leverage through the issuance of Preferred Shares, commercial paper or notes, other forms of borrowing or both. The use of leverage, which can be described as exposure to changes in price at a ratio greater than the amount of equity invested, either through the issuance of Preferred Shares, borrowing or other forms of market exposure, magnifies both the favorable and unfavorable effects of price movements in the investments made by the

Fund. Insofar as the Fund employs leverage in its investment operations, the Fund will be subject to increased risk of loss.

Preferred Share Risk. Preferred Share risk is the risk associated with the issuance of the Preferred Shares to leverage the common shares. If the Fund issues Preferred Shares, the net asset value and market value of the common shares will be more volatile, and the yield to the holders of common shares will tend to fluctuate with changes in the shorter-term dividend rates on the Preferred Shares. If the dividend rate on the Preferred Shares approaches the net rate of return on the Fund s investment portfolio, the benefit of leverage to the holders of the common shares would be reduced. If the dividend rate on the Preferred Shares exceeds the net rate of return on the Fund s portfolio, the leverage will result in a lower rate of return to the holders of common shares than if the Fund had not issued Preferred Shares.

In addition, the Fund will pay (and the holders of common shares will bear) all costs and expenses relating to the issuance and ongoing maintenance of the Preferred Shares, including higher advisory fees. Accordingly, the Fund cannot assure you that the issuance of Preferred Shares will result in a higher yield or return to the holders of the common shares. Costs of the offering of Preferred Shares will be borne immediately by the Fund s common shareholders and result in a reduction of net asset value of the common shares.

Similarly, any decline in the net asset value of the Fund s investments will be borne entirely by the holders of common shares. Therefore, if the market value of the Fund s portfolio declines, the leverage will result in a greater decrease in net asset value to the holders of common shares than if the Fund were not leveraged. This greater net asset value decrease will also tend to cause a greater decline in the market price for the common shares. The Fund might be in danger of failing to maintain the required asset coverage of the Preferred Shares or of losing its ratings on the Preferred Shares or, in an extreme case, the Fund s current investment income might not be sufficient to meet the dividend requirements on the Preferred Shares. In order to counteract such an event, the Fund might need to liquidate investments in order to fund a redemption of some or all of the Preferred Shares. Liquidation at times of low municipal bond prices may result in capital loss and may reduce returns to the holders of common shares.

Preferred Shareholders May Have Disproportionate Influence over the Fund. If Preferred Shares are issued, holders of Preferred Shares may have differing interests than holders of common shares and holders of Preferred Shares may at times have disproportionate influence over the Fund s affairs. If Preferred Shares are issued, holders of Preferred Shares, voting separately as a single class, would have the right to elect two members of the Board of Trustees at all times. The remaining members of the Board of Trustees would be elected by holders of common shares and Preferred Shares, voting as a single class. The 1940 Act also requires that, in addition to any approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding Preferred Shares, voting separately as a class, would be required to (i) adopt any plan of reorganization that would adversely affect the Preferred Shares and (ii) take any action requiring a vote of security holders under Section 13(a) of the 1940 Act, including, among other things, changes in the Fund s subclassification as a closed-end fund or changes in its fundamental investment restrictions.

Credit Facility. In the event the Fund leverages through borrowings, the Fund may enter into definitive agreements with respect to a credit facility. The Fund may negotiate with commercial banks to arrange a credit facility pursuant to which the Fund would be entitled to borrow an amount equal to approximately 331/3 of the Fund s Managed Assets (i.e., 50% of the Fund s net assets attributable to the Fund s common shares). Any such borrowings would constitute financial leverage. Such a facility is not expected to be convertible into any other securities of the Fund. Any outstanding amounts are expected to be prepayable by the Fund prior to final maturity without significant penalty, and there are not expected to be any sinking fund or mandatory retirement provisions. Outstanding amounts would be payable at maturity or such earlier times as required by the agreement. The Fund may be required to prepay outstanding amounts under the facility or incur a penalty rate of interest in the event of the occurrence of certain events of default. The Fund would be expected to indemnify the lenders under the facility against liabilities they may incur in connection with the facility. The Fund may be required to pay commitment fees under the terms of any such facility. With the use of borrowings, there is a risk that the interest rates paid by the Fund on the amount it borrows will be higher than the return on the Fund s investments.

The Fund expects that such a credit facility would contain covenants that, among other things, likely will limit the Fund s ability to: (i) pay dividends in certain circumstances, (ii) incur additional debt and (iii) change its fundamental investment policies and engage in certain transactions, including mergers and consolidations. In addition, it may contain a covenant requiring asset coverage ratios in addition to those required by the 1940 Act. The Fund may be required to pledge its assets and to maintain a portion of its assets in cash or high-grade securities as a reserve against interest or principal payments and expenses. The Fund expects that any credit facility would have customary covenant, negative covenant and default provisions. There can be no assurance that the Fund will enter

Table of Contents

into an agreement for a credit facility on terms and conditions representative of the foregoing or that additional material terms will not apply. In addition, if entered into, any such credit facility may in the future be replaced or refinanced by one or more credit facilities having substantially different terms or by the issuance of Preferred Shares.

Portfolio Guidelines of Rating Agencies for Preferred Share and/or Credit Facility. In order to obtain and maintain the required ratings of loans from a credit facility, the Fund will be required to comply with investment quality, diversification and other guidelines established by Moody s and/or S&P or the credit facility, respectively. Such guidelines will likely be more restrictive than the restrictions otherwise applicable to the Fund as described in this prospectus. The Fund does not anticipate that such guidelines would have a material adverse effect on the Fund s holders of common shares or its ability to achieve its investment objective. No minimum rating is required for the issuance of Preferred Shares by the Fund. Moody s and S&P would receive fees in connection with their ratings issuances.

Securities Lending Risk

The Fund may lend its portfolio securities (up to a maximum of one-third of its Managed Assets) to banks or dealers which meet the creditworthiness standards established by the Board of Trustees of the Fund. Securities lending is subject to the risk that loaned securities may not be available to the Fund on a timely basis and the Fund may, therefore, lose the opportunity to sell the securities at a desirable price. Any loss in the market price of securities loaned by the Fund that occurs during the term of the loan would be borne by the Fund and would adversely affect the Fund s performance. Also, there may be delays in recovery, or no recovery, of securities loaned or even a loss of rights in the collateral should the borrower of the securities fail financially while the loan is outstanding. These risks may be greater for non-U.S. securities.

Non-Diversification Risk

The Fund is a non-diversified, closed-end management investment company under the 1940 Act. The Fund may invest a relatively high percentage of its assets in a limited number of issuers. To the extent the Fund invests a relatively high percentage of the Fund s assets in the securities of a limited number of issuers, the Fund may be more susceptible than a more widely diversified investment company to any single economic, political or regulatory occurrence.

Valuation Risk

Market prices may not be readily available for certain of the Fund s investments, and the value of such investments will ordinarily be determined based on fair valuations determined by the Board of Trustees or its designee pursuant to procedures adopted by the Board of Trustees. Restrictions on resale or the absence of a liquid secondary market may adversely affect the Fund s ability to determine its net asset value. The sale price of securities that are not readily marketable may be lower or higher than the Fund s most recent determination of their fair value.

Additionally, the value of these securities typically requires more reliance on the judgment of the Investment Adviser than that required for securities for which there is an active trading market. Due to the difficulty in valuing these securities and the absence of an active trading market for these investments, the Fund may not be able to realize these securities true value or may have to delay their sale in order to do so.

Fair value is defined as the amount for which assets could be sold in an orderly disposition over a reasonable period of time, taking into account the nature of the asset. Fair value pricing, however, involves judgments that are inherently subjective and inexact, since fair valuation procedures are used only when it is not possible to be sure what value should be attributed to a particular asset or when an event will affect the market price of an asset and to what extent. As a result, there can be no assurance that fair value pricing will reflect actual market value and it is possible that the fair value determined for a security will be materially different from the value that actually could be or is realized upon the sale of that asset. See Net Asset Value.

Portfolio Turnover Risk

The Fund anticipates that its annual portfolio turnover rate will be approximately 25%, but that rate may vary greatly from year to year. Portfolio turnover rate is not considered a limiting factor in the Investment Adviser s execution of investment decisions. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund.

Strategic Transactions Risk

The Fund may engage in Strategic Transactions, including the purchase and sale of derivative investments such as exchange-listed and over-the-counter put and call options on securities, equity, fixed income and interest rate indices, and other financial instruments, and may enter into various interest rate transactions such as swaps, caps, floors or collars or credit transactions and credit default swaps and invest in forward contracts. The Fund also may purchase derivative investments that combine features of these instruments. The use of derivatives has risks, including the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction or illiquidity of the derivative investments. Furthermore, the ability to successfully use these techniques depends on the Fund s ability to predict pertinent market movements, which cannot be assured. Thus, their use may result in losses greater than if they had not been used, may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment or may cause the Fund to hold a security that it might otherwise sell. Additionally, amounts paid by the Fund as premiums and cash, or other assets held in margin accounts with respect to derivative transactions, are not otherwise available to the Fund for investment purposes.

The Fund may write covered call options. As the writer of a covered call option, the Fund gives up the opportunity during the option s life to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but the Fund retains the risk of loss should the price of the underlying security decline.

The Fund may also write uncovered call options (*i.e.*, where the Fund does not own the underlying security or index) to a limited extent. Similar to a naked short sale, writing an uncovered call creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the call option if it is exercised before it expires. There can be no assurance that the securities necessary to cover the call option will be available for purchase. Purchasing securities to cover an uncovered call option can itself cause the price of the securities to rise, further exacerbating the loss.

The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price. There can be no assurance that a liquid market will exist when the Fund seeks to close out an option position. If trading were suspended in an option purchased by the Fund, the Fund would not be able to close out the option. If the Fund were unable to close out a covered call option that the Fund had written on a security, the Fund would not be able to sell the underlying security unless the option expired without exercise. If the Fund were unable to close out an uncovered call option that the Fund had written on a security, the Fund retains the risk of a price increase in the underlying security until the Fund purchases the security or the option expires without exercise.

Depending on whether the Fund would be entitled to receive net payments from the counterparty on a swap or cap, which in turn would depend on the general state of short-term interest rates at that point in time, a default by a counterparty could negatively impact the performance of the Fund s common shares. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the Fund would not be able to obtain a replacement transaction or that the terms of the replacement would not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the performance of the Fund s common shares. If the Fund fails to maintain any required asset coverage ratios in connection with any use by the Fund of Leverage Instruments, the Fund may be required to redeem or prepay some or all of the Leverage Instruments. Such redemption or prepayment would likely result in the Fund s seeking to terminate early all or a portion of any swap or cap transactions. Early termination of a swap could result in a termination payment by or to the Fund. Early termination of a cap could result in a termination payment to the Fund.

The Fund intends to segregate liquid assets against or otherwise cover its future obligations under such swap or cap transactions, in order to provide that its future commitments for which the Fund has not segregated liquid assets against or otherwise covered, together with any outstanding Leverage Instruments, will not exceed the applicable limits of the 1940 Act. In addition, such transactions and other use of Leverage Instruments by the Fund will be subject to the asset coverage requirements of the 1940 Act.

The use of interest rate swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. Depending on market conditions in general, the Fund s use of swaps or caps could enhance or harm the overall performance of its common shares. For example, the Fund may use interest rate swaps and caps in connection with any use by the Fund of Leverage Instruments. To the extent there is a decline in interest rates, the value of the interest rate swap or cap could decline, and could result in a decline in the net asset value of the Fund s common shares. In addition, if short-term interest rates are lower than the Fund s fixed rate of payment on the interest rate swap, the swap will reduce common shares net earnings. Buying interest rate caps could decrease the net earnings of the Fund s common shares in the event that the premium paid by the Fund to the counterparty exceeds the additional amount the Fund would have been required to pay had the Fund not entered into the cap agreement.

Interest rate swaps and caps do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that the Fund is contractually obligated to make. If the counterparty defaults, the Fund would not be able to use the anticipated net receipts under the swap or cap to offset any declines in the value of the Fund s portfolio assets being hedged or the increase in its cost of financial leverage. Depending on whether the Fund would be entitled to receive net payments from the counterparty on the swap or cap, which in turn would depend on the general state of the market rates at that point in time, such a default could negatively impact the performance of the Fund s common shares.

The Fund may invest in forward contracts entered into directly with banks, financial institutions and other dealers acting as principal. Forward contracts may not be liquid in all circumstances, so that in volatile markets, the Fund to the extent it wishes to do so may not be able to close out a position by taking another position equal and opposite to such position on a timely basis or without incurring a sizeable loss. Closing transactions with respect to forward contracts usually are effected with the counterparty who is a party to the original forward contract and generally require the consent of such trader. There can be no assurance that the Fund will be able to close out its obligations.

There are no limitations on daily price moves in forward contracts. Banks and other financial institutions with which the Fund may maintain accounts may require the Fund to deposit margin with respect to such trading. Banks are not required to continue to make markets in forward contracts. There have been periods during which certain banks have refused to quote prices for such forward contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Trading of forward contracts through banks is not regulated by any U.S. governmental agency. The Fund will be subject to the risk of bank failure and the inability of, or refusal by, a bank to perform with respect to such contracts.

Convertible Instrument Risk

The Fund may invest in convertible instruments. A convertible instrument is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common shares of the same or a different issuer within a particular period of time at a specified price or formula. Convertible debt instruments have characteristics of both fixed income and equity investments. Convertible instruments are subject both to the stock market risk associated with equity securities and to the credit and interest rate risks associated with fixed-income securities. As the market price of the equity security underlying a convertible instrument falls, the convertible instrument tends to trade on the basis of its yield and other fixed-income characteristics. As the market price of such equity security rises, the convertible security tends to trade on the basis of its equity conversion features. The Fund may invest in convertible instruments that have varying conversion values. Convertible instruments are typically issued at prices that represent a premium to their conversion value. Accordingly, the value of a convertible instruments increases (or decreases) as the price of the underlying equity security increases

Table of Contents

(or decreases). If a convertible instrument held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the instrument, or convert it into the underlying stock, and will hold the stock to the extent the Investment Adviser determines that such equity investment is consistent with the investment objective of the Fund.

Short Sales Risk

Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the short seller to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A naked short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise, further exacerbating the loss.

The Fund s obligation to replace the borrowed security will be secured by collateral deposited with the broker-dealer, usually cash, U.S. government securities or other liquid securities similar to those borrowed. The Fund also will be required to segregate similar collateral to the extent, if any, necessary so that the value of both collateral amounts in the aggregate is at all times equal to at least 100% of the current market value of the security sold short. Depending on arrangements made with the broker-dealer from which the Fund borrowed the security regarding payment over of any payments received by the Fund on such security, the Fund may not receive any payments (including interest) on the Fund s collateral deposited with such broker-dealer.

Inflation Risk

Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund s common shares and dividends can decline.

Debt Securities Risks

Debt securities are subject to many of the risks described elsewhere in this section. In addition, they are subject to credit risk, prepayment risk and, depending on their quality, other special risks.

Credit Risk. An issuer of a debt security may be unable to make interest payments and repay principal. The Fund could lose money if the issuer of a debt obligation is, or is perceived to be, unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. The downgrade of a security may further decrease its value.

Below Investment Grade and Unrated Debt Securities Risk. Below investment grade debt securities in which the Fund may invest are rated from B3 to Ba1 by Moody s Investors Service, Inc., from B- to BB+ by Fitch Ratings or Standard & Poor s, or comparably rated by another rating agency. Below investment grade and unrated debt securities generally pay a premium above the yields of U.S. government securities or debt securities of investment grade issuers because they are subject to greater risks than these securities. These risks, which reflect their speculative character, include the following: greater yield and price volatility; greater credit risk and risk of default; potentially greater sensitivity to general economic or industry conditions; potential lack of attractive resale opportunities (illiquidity); and additional expenses to seek recovery from issuers who default.

In addition, the prices of these below investment grade and unrated debt securities are more sensitive to negative developments, such as a decline in the issuer s revenues, downturns in profitability in the natural resource industry or a general economic downturn, than are the prices of higher-grade securities. Below investment grade and unrated debt securities tend to be less liquid than investment grade securities and the market for below investment grade and unrated debt securities could contract further under adverse market or economic conditions. In such a scenario, it may be more difficult for the Fund to sell these securities in a timely manner or for as high a price as could be realized if such securities were more widely traded. The market value of below investment grade and

Table of Contents

unrated debt securities may be more volatile than the market value of investment grade securities and generally tends to reflect the market s perception of the creditworthiness of the issuer and short-term market developments to a greater extent than investment grade securities, which primarily reflect fluctuations in general levels of interest rates. In the event of a default by a below investment grade or unrated debt security held in the Fund s portfolio in the payment of principal or interest, the Fund may incur additional expense to the extent the Fund is required to seek recovery of such principal or interest.

For a description of the ratings categories of certain rating agencies, see Appendix A to this prospectus.

Reinvestment Risk. Certain debt instruments, particularly below investment grade securities, may contain call or redemption provisions which would allow the issuer of the debt instrument to prepay principal prior to the debt instrument s stated maturity. This is also sometimes known as prepayment risk. Prepayment risk is greater during a falling interest rate environment as issuers can reduce their cost of capital by refinancing higher yielding debt instruments with lower yielding debt instruments. An issuer may also elect to refinance its debt instruments with lower yielding debt instruments if the credit standing of the issuer improves. To the extent debt securities in the Fund s portfolio are called or redeemed, the Fund may be forced to reinvest in lower yielding securities.

ETN and ETF Risk

An ETN or ETF that is based on a specific index may not be able to replicate and maintain exactly the composition and relative weighting of securities in the index. An ETN or ETF also incurs certain expenses not incurred by its applicable index. The market value of an ETN or ETF share may differ from its net asset value; the share may trade at a premium or discount to its net asset value, which may be due to, among other things, differences in the supply and demand in the market for the share and the supply and demand in the market for the underlying assets of the ETN or ETF. In addition, certain securities that are part of the index tracked by an ETN or ETF may, at times, be unavailable, which may impede the ETN s or ETF s ability to track its index. An ETF that uses leverage can, at times, be relatively illiquid, which can affect whether its share price approximates net asset value. As a result of using leverage, an ETF is subject to the risk of failure in the futures and options markets it uses to obtain leverage and the risk that a counterparty will default on its obligations, which can result in a loss to the Fund. Although an ETN is a debt security, it is unlike a typical bond, in that there are no periodic interest payments and principal is not protected.

Terrorism and Market Disruption Risk

The terrorist attacks on September 11, 2001 had a disruptive effect on the U.S. economy and securities markets. United States military and related action in Iraq and Afghanistan is ongoing and events in the Middle East could have significant, continuing adverse effects on the U.S. economy in general and the natural resource sector in particular. Global political and economic instability could affect an MLP s or an Other Natural Resource Company s operations in unpredictable ways, including through disruptions of natural resource supplies and markets and the resulting volatility in commodity prices. The U.S. government has issued warnings that natural resource assets, specifically pipeline infrastructure and production, transmission and distribution facilities, may be future targets of terrorist activities. In addition, changes in the insurance markets have made certain types of insurance more difficult, if not impossible, to obtain and have generally resulted in increased premium costs.

Investment Management Risk

The Fund s portfolio is subject to investment management risk because it will be actively managed. The Investment Adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that they will produce the desired results.

The decisions with respect to the management of the Fund are made exclusively by the Investment Adviser, subject to the oversight of the Board of Trustees. Investors have no right or power to take part in the management of the Fund. The Investment Adviser also is responsible for all of the trading and investment decisions of the Fund. In the event of the withdrawal or bankruptcy of the Investment Adviser, generally the affairs of the Fund will be wound-up and its assets will be liquidated.

Dependence on Key Personnel of the Investment Adviser

The Fund is dependent upon the Investment Adviser s key personnel for its future success and upon their access to certain individuals and investments in the natural resource industry. In particular, the Fund will depend on the diligence, skill and network of business contacts of the personnel of the Investment Adviser and its portfolio managers, who will evaluate, negotiate, structure, close and monitor the Fund s investments. The portfolio managers do not have long-term employment contracts with the Investment Adviser, although they do have equity interests and other financial incentives to remain with the firm. For a description of the Investment Adviser, see Management of the Fund Investment Adviser. The Fund will also depend on the senior management of the Investment Adviser, including particularly Jerry V. Swank. The departure of Mr. Swank or another of the Investment Adviser s senior management could have a material adverse effect on the Fund s ability to achieve its investment objective. In addition, the Fund can offer no assurance that the Investment Adviser will remain its investment adviser, or that the Fund will continue to have access to the Investment Adviser s industry contacts and deal flow.

Conflicts of Interest with the Investment Adviser

Conflicts of interest may arise because the Investment Adviser and its affiliates generally will be carrying on substantial investment activities for other clients, including, but not limited to, the Affiliated Funds, in which the Fund will have no interest. The Investment Adviser or its affiliates may have financial incentives to favor certain of such accounts over the Fund. Any of their proprietary accounts and other customer accounts may compete with the Fund for specific trades. The Investment Adviser or its affiliates may buy or sell securities for the Fund which differ from securities bought or sold for other accounts and customers, even though their investment objectives and policies may be similar to the Fund s. Situations may occur when the Fund could be disadvantaged because of the investment activities conducted by the Investment Adviser and its affiliates for their other accounts. Such situations may be based on, among other things, legal or internal restrictions on the combined size of positions that may be taken for the Fund and the other accounts, limiting the size of the Fund s position, or the difficulty of liquidating an investment for the Fund and the other accounts where the market cannot absorb the sale of the combined position. Notwithstanding these potential conflicts of interest, the Fund s Board of Trustees and officers have a fiduciary obligation to act in the Fund s best interest.

The Fund s investment opportunities may be limited by affiliations of the Investment Adviser or its affiliates with MLPs and Other Natural Resource Companies. Additionally, to the extent that the Investment Adviser sources and structures private investments in MLPs and Other Natural Resource Companies, certain employees of the Investment Adviser may become aware of actions planned by MLPs and Other Natural Resource Companies, such as acquisitions that may not be announced to the public. It is possible that the Fund could be precluded from investing in an MLP or an Other Natural Resource Company about which the Investment Adviser has material non-public information; however, it is the Investment Adviser s intention to ensure that any material non-public information available to certain of the Investment Adviser s employees not be shared with those employees responsible for the purchase and sale of publicly traded MLP or Other Natural Resource Company securities.

The Investment Adviser manages several Affiliated Funds. Some of the Affiliated Funds have investment objectives that are similar to or overlap with the Fund. Further, the Investment Adviser may at some time in the future manage other investment funds with the same investment objective as the Fund.

The Investment Adviser and its affiliates generally will be carrying on substantial investment activities for other clients, including, but not limited to, the Affiliated Funds, in which the Fund will have no interest. Investment decisions for the Fund are made independently from those of such other clients; however, from time to time, the same investment decision may be made for more than one fund or account. When two or more clients advised by the

Investment Adviser or its affiliates seek to purchase or sell the same publicly traded securities, the securities actually purchased or sold will be allocated among the clients on a good faith equitable basis by the Investment Adviser in its discretion in accordance with the clients various investment objectives and procedures adopted by the Investment Adviser and approved by the Fund s Board of Trustees. In some cases, this system may adversely affect the price or size of the position the Fund may obtain.

The Fund s investment opportunities may be limited by investment opportunities in the MLPs and Other Natural Resource Companies that the Investment Adviser is evaluating for the Affiliated Funds. To the extent a potential investment is appropriate for the Fund and one or more of the Affiliated Funds, the Investment Adviser will need to fairly allocate that investment to the Fund or an Affiliated Fund, or both, depending on its allocation procedures and applicable law related to combined or joint transactions. There may occur an attractive limited investment opportunity suitable for the Fund in which the Fund cannot invest under the particular allocation method being used for that investment.

Under the 1940 Act, the Fund and its Affiliated Funds may be precluded from co-investing in certain private placements of securities. Except as permitted by law or positions of the staff of the SEC, the Investment Adviser will not co-invest its other clients assets in private transactions in which the Fund invests. To the extent the Fund is precluded from co-investing, the Investment Adviser will allocate private investment opportunities among its clients, including but not limited to the Fund and the Affiliated Funds, based on allocation policies that take into account several suitability factors, including the size of the investment opportunity, the amount each client has available for investment and the client s investment objectives. These allocation policies may result in the allocation of investment opportunities to an Affiliated Fund rather than to the Fund.

The management fee payable to the Investment Adviser is based on the value of the Fund s Managed Assets, as periodically determined. A significant percentage of the Fund s Managed Assets may be illiquid securities acquired in private transactions for which market quotations will not be readily available. Although the Fund will adopt valuation procedures designed to determine valuations of illiquid securities in a manner that reflects their fair value, there typically is a range of possible prices that may be established for each individual security. Senior management of the Investment Adviser, the Fund s Board of Trustees and its Valuation Committee will participate in the valuation of its securities. See Net Asset Value.

Willkie Farr & Gallagher LLP, counsel to the Fund in this offering, also represents the Investment Adviser. Such counsel does not purport to represent the separate interests of the investors and has assumed no obligation to do so. Accordingly, the investors have not had the benefit of independent counsel in the structuring of the Fund or determination of the relative interests, rights and obligations of the Fund s investment adviser and the investors.

INVESTMENT RESTRICTIONS

Except as described below, the Fund, as a fundamental policy, may not, without the approval of the holders of a majority of the outstanding voting securities of the Fund:

(1) Purchase or sell real estate unless acquired as a result of ownership of securities or other instruments, provided that this restriction does not prevent the Fund from investing in issuers which invest, deal, or otherwise engage in transactions in real estate or interests in real estate, or investing in securities that are secured by real estate or interests in real estate.

(2) Concentrate the Fund s investments in a particular industry, as that term is used in the 1940 Act, and as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction from time to time; provided, however, that this concentration limitation does not apply to (a) investments in MLPs and Other Natural Resource Companies (the Fund will concentrate more than 25% of its assets in MLPs and Other Natural Resource Companies), and (b) investments in securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities.

(3) Borrow money or issue senior securities, except to the extent permitted by the 1940 Act, or any rules, exemptions or interpretations under the 1940 Act that may be adopted, granted or issued by the SEC or its staff. See The Fund s Investments Use of Leverage and Principal Risks of the Fund Leverage Risk.

(4) Make loans to other persons except (a) through the lending of the Fund s portfolio securities, (b) through the purchase of debt obligations, loan participations and/or engaging in direct corporate loans in accordance with the Fund s investment objective and policies, and (c) to the extent the entry into a repurchase agreement is deemed to be a loan. The Fund may also make loans to other investment companies to the extent permitted by the 1940 Act, or any rules, exemptions or interpretations under the 1940 Act that may be adopted, granted or issued by the SEC or its staff.

Table of Contents

(5) Act as an underwriter except to the extent that, in connection with the disposition of portfolio securities, the Fund may be deemed to be an underwriter under applicable securities laws.

(6) Purchase or sell physical commodities and commodity contracts, except that it may: (i) enter into futures contracts and options on commodities in accordance with applicable law; and (ii) purchase or sell physical commodities that it acquires as a result of ownership of securities or other instruments. The Fund will not consider stock index, currency and other financial futures contracts, swaps, or hybrid instruments to be commodities for purposes of this investment policy.

The rest of the Fund s investment policies, including its investment objective described under Investment Objective and Policies, are considered non-fundamental and may be changed by the Board of Trustees without the approval of the holders of a majority of voting securities, provided that common shareholders receive at least 60 days prior written notice of any change.

MANAGEMENT OF THE FUND

Board of Trustees of the Fund

The Board of Trustees of the Fund provides broad oversight over the operations and affairs of the Fund and protects the interests of shareholders. The Board of Trustees has overall responsibility to manage and control the business affairs of the Fund, including the complete and exclusive authority to establish policies regarding the management, conduct and operation of the Fund s business. The names and ages of the Trustees and officers of the Fund, the year each was first elected or appointed to office, their principal business occupations during the last five years, the number of funds overseen by each Trustee and other directorships or trusteeships they hold are shown below. The business address of the Fund, its Trustees and officers is 3300 Oak Lawn Avenue, Suite 650, Dallas, Texas 75219, unless otherwise specified below.

Name and Age	Position with Fund	Term of Office and Length of Time Served[1]	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships/ Trusteeships Held
INTERESTED TRUSTEE					
Jerry V. Swank (Age 55)*	Trustee, Chairman of the Board, Chief Executive Officer, and President	Trustee since 2007	Managing Partner of the Investment Adviser.	1	None
NON-INTERESTED TRUSTEES					
Brian R. Bruce (Age 51)	Trustee and Chairman of the Audit Committee	Trustee since 2007	Director, Southern Methodist University s Cox School of Business	1	CM Advisers Family of Funds

			Finance Institute (2006 to present); Chief Investment Officer, Panagora Asset Management (1999 to 2007) (investment management company).		
Ronald P. Trout (Age 67)	Trustee and Chairman of the Nominating, Corporate Governance and Compensation Committee.	Trustee since 2007	Retired. A founding partner and Senior Vice President of Hourglass Capital Management, Inc. (1989 to 2002) (investment management company).	1	Galaxy Energy Corporation (oil and gas exploration and production)
Edward N. McMillan (Age 59)	Trustee	Trustee since 2007	Retired.	1	None

Name and Age	Position with Fund	Term of Office and Length of Time Served(1)	Principal Occupation(s) During Past Five Years
		OFFICERS WHO ARE NOT TRUSTEES	
Mark W. Fordyce, CPA (Age 41)	Chief Financial Officer, Principal Accounting Officer, Treasurer and Secretary	Officer since 2007	Chief Financial Officer (CFO) of the Investment Adviser; CFO and Chief Operating Officer (COO) of Durango Partners, L.P. (2001-2004); CFO of Caprock Capital Partners, L.P. (2005-2006); CFO of Hercules Security Investments, L.P. (2006).
Brian D. Watson (Age 34)	Vice President and Assistant Treasurer	Officer since 2007	Portfolio manager of the Investment Adviser (2005 to present); Senior Research Associate, RBC Capital Markets (2002-2005).

(1) After a Trustee s initial term, each Trustee is expected to serve a three-year term concurrent with the class of Trustees for which he serves. Mr. Bruce is expected to stand for re-election in 2008, Messrs. McMillan and Swank in 2009, and Mr. Trout in 2010.

* Mr. Swank is an interested person of the Fund, as defined under the 1940 Act, by virtue of his position as Managing Partner of the Investment Adviser.

As of December 31, 2006, no Trustee held any equity securities of the Fund. As of December 31, 2006, no Trustee who is not an interested person, as that term is defined in the 1940 Act, of the Fund, and his or her immediate family members, beneficially or of record owned securities in (1) the Investment Adviser, Morgan Stanley & Co. Incorporated or Deutsche Bank Securities Inc., or (2) a person (other than a registered investment company) directly or indirectly controlling, controlled by, or under common control with the Investment Adviser, Morgan Stanley & Co. Incorporated or Deutsche Bank Securities Inc.

Committees

In connection with the Board of Trustees responsibility for the overall management and supervision of the Fund s affairs, the Trustees meet periodically throughout the year to oversee the Fund s activities, review contractual arrangements with service providers for the Fund and review the Fund s performance. To fulfill these duties, the Board has established two standing committees of the Trustees: an Audit Committee and a Nominating, Corporate Governance and Compensation Committee. Under the Fund s valuation procedures, the Board has appointed personnel of the Investment Adviser to serve on a valuation committee for the Fund.

The purposes of the Audit Committee, which meets at least twice annually, are to oversee the Fund s processes for accounting, auditing, financial reporting, and related internal controls and compliance with applicable laws and regulations. It also makes recommendations regarding the selection of an independent registered public accounting firm for the Fund, reviews the independence of such firm, reviews the scope of audit and internal controls, considers and reports to the Board on matters relating to the Fund s accounting and financial reporting practices, and performs such other tasks as the full Board deems necessary or appropriate. The members of the Audit Committee include Brian

R. Bruce (Chairman), Edward N. McMillan and Ronald P. Trout.

The purposes of the Nominating, Corporate Governance and Compensation Committee are to review and make recommendations on the composition of the Board, develop and make recommendations to the Board regarding corporate governance matters and practices, and review and make recommendations to the Board with respect to any compensation to be paid to certain persons including the chief compliance officer of the Fund and the Trustees. The committee will consider nominees recommended by shareholders under the terms of the Agreement and Declaration of Trust and the Bylaws. The members of the Nominating, Corporate Governance and Compensation Committee include Ronald P. Trout (Chairman), Brian R. Bruce and Edward N. McMillan.

Shareholder Communications

Shareholders may send communications to the Fund s Board of Trustees. Shareholders should send communications intended for the Fund s Board by addressing the communications directly to the Board (or individual Board members) and/or otherwise clearly indicating in the salutation that the communication is for the Board (or

Table of Contents

individual Board members) and by sending the communication to either the Fund s office or directly to such Board member(s) at the address specified for each Trustee previously noted. Other shareholder communications received by the Fund not directly addressed and sent to the Board will be reviewed and generally responded to by management, and will be forwarded to the Board only at management s discretion based on the matters contained in those communications.

Compensation of Trustees

The fees and expenses of the Trustees who are not interested persons, as that term is defined in the 1940 Act, of the Investment Adviser (including its affiliates) or the Fund (Independent Trustees) are paid by the Fund. Each Independent Trustee will receive from the Fund an annual retainer of $25,000 and a fee of $2,000 for each Board meeting attended, and will be reimbursed for all out-of-pocket expenses related to attendance at Board or committee meetings. The Trustees who are affiliated persons of the Investment Adviser receive no compensation from the Fund. It is estimated that the Independent Trustees will receive from the Fund the amounts set out below for the Fund s fiscal year ending November 30, 2007, assuming the Fund will have been in existence for the remainder of its fiscal year.

Trustee	Aggregate Compensation from the Fund	Pension or Retirement Benefits Accrued as Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation from the Fund and Fund Complex
Brian R. Bruce	$ 6,250	None	None	$ 6,250
Edward N. McMillan	$ 6,250	None	None	$ 6,250
Ronald P. Trout	$ 6,250	None	None	$ 6,250

The Fund s investments will be managed by its Investment Adviser, Swank Energy Income Advisors, LP. The Investment Adviser is also investment adviser to the Affiliated Funds, which invest primarily in securities of MLPs and Other Natural Resource Companies and global commodities. Since 2003, the Investment Adviser has managed the Affiliated Funds with a focus on achieving a high after-tax total return from a combination of capital appreciation and current income (as opposed to relative performance against a benchmark index). The Investment Adviser seeks to identify and exploit investment niches it believes are generally less understood and less followed by the broader investor community.

As of May 1, 2007, the Investment Adviser managed approximately $2 billion in assets on behalf of institutional and private investors around the world.

The Investment Adviser is indirectly controlled by Jerry V. Swank.

Key Personnel of Investment Advisor

The following are key personnel of the Investment Adviser who are primarily responsible for the day-to-day management of the Fund s portfolio:

Jerry V. Swank. Mr. Swank, together with Mr. Watson, is a portfolio manager of the Fund. Mr. Swank formed Swank Capital, LLC in 2000 to provide proprietary energy research to a select group of institutional investors, emphasizing in-depth independent research. Prior to forming Swank Capital, LLC, Mr. Swank spent five years with John S. Herold, Inc. (Herold). Herold is an independent oil & gas research and consulting company. He joined Herold in 1995 and served as Managing Director heading up its sales and new product development team until May 1998, when he assumed the position of President. During this period, Mr. Swank developed an in-depth knowledge of the worldwide energy industry, sector profitability, global growth prospects and supply/demand dynamics. Prior to joining Herold, Mr. Swank spent 14 years with Credit Suisse First Boston Corporation in Institutional Equity and Fixed Income Sales in its Dallas office from 1980 to 1995. From 1985 to 1995 he was a Credit Suisse First Boston Corporation Director and Southwestern Regional Sales Manager. Prior to Credit Suisse First Boston Corporation, Mr. Swank worked from 1976 to 1980 on the buy side as an analyst and portfolio manager with Mercantile Texas

Table of Contents

Corp. Mr. Swank received a B.A. from the University of Missouri (Economics) in 1973 and an M.B.A. from the University of North Texas in 1978.

Mr. Swank has served on the Board of Directors of John S. Herold, Inc., Matador Petroleum Corporation and Advantage Acceptance, Inc. and currently serves on the board of directors of The Cushing Fund (Offshore), Ltd. and The Dalrymple Global Resources Offshore Fund, Ltd.

Brian D. Watson, CFA. Mr. Watson, together with Mr. Swank, is a portfolio manager of the Fund. Prior to joining the Investment Adviser in 2005, Mr. Watson was a senior research associate with RBC Capital Markets covering the Diversified Energy and MLP sectors from 2002 to 2005. Mr. Watson has over 10 years of experience in the investment business including over four years of corporate finance experience with Prudential Capital Group and Stephens Inc.

Mr. Watson received his BBA from The University of Texas at Austin and his MBA from The McCombs School of Business at The University of Texas at Austin. In 2000, Mr. Watson earned the right to use the CFA designation.

The following are other key personnel of the Investment Adviser:

Mark W. Fordyce. In addition to his function as CFO and COO of the Investment Adviser, Mr. Fordyce is spearheading the efforts in fund formation, accounting and other operational areas for several new offerings at the Investment Adviser. Mr. Fordyce is also contributing in the oversight of risk management in the portfolio and trading areas. Prior to joining the Investment Adviser, Mr. Fordyce was involved, over the past six years, with the launch and operation of four hedge fund structures serving in CFO and COO roles. Mr. Fordyce is a CPA and has 12 years of public accounting experience with PricewaterhouseCoopers and KPMG.

Mr. Fordyce received his Bachelors of Accountancy degree from New Mexico State University.

Daniel L. Spears. Prior to joining the Investment Adviser in 2006, Mr. Spears was an investment banker with Banc of America Securities, LLC within the Natural Resources Group from 1998 to 2006. Mr. Spears was an investment banker with Salomon Smith Barney, Inc. in the Global Energy and Power Group from 1995 to 1998. Mr. Spears has over 12 years experience providing financial and strategic advice to public and private companies in all sectors of the natural resources industry. Mr. Spears is a director of Quest Midstream Partners, L.P.

Mr. Spears received his B.S. in Economics from the Wharton School of the University of Pennsylvania in 1995.

G. Paul Ferguson. Prior to joining the Investment Adviser in 2002, Mr. Ferguson was an equity research analyst in the energy group at Frost Securities, Inc. from 2001 to 2002. Mr. Ferguson s focus at Frost Securities, Inc. was on the midstream energy services sector. Mr. Ferguson also has ten years of experience in various sectors of the energy industry. Mr. Ferguson s served as product manager of energy risk management from 1999 to 2001 with Allegro Development. His industry experience also includes serving from 1996 to 1999 as an operations engineer with Koch Gateway Pipeline Company and Delhi Gas Pipeline Corporation, and from 1991 to 1995 as a petroleum engineer with Kerr-McGee Corporation.

Mr. Ferguson received his B.S. in Mechanical Engineering from the University of Oklahoma in 1991 and an M.B.A in Finance from Southern Methodist University in 2001. Mr. Ferguson obtained his NASD Series 7 and 63 securities licenses, and is also a registered professional engineer in mechanical engineering.

Mr. Ferguson currently serves on the board of directors of Royalty Income Fund of North America (Offshore), Ltd., The Cushing Fund (Offshore), Ltd. and The Dalrymple Global Resources Offshore Fund, Ltd.

Kevin P. Gallagher, CFA. Mr. Gallagher joined the Investment Adviser in 2006. For the five years prior to that, Mr. Gallagher was a senior research associate with RBC Capital Markets covering the Diversified Energy and MLP sectors from 2000 to 2006. Mr. Gallagher s career in the investment business also includes 4 years at GMAC-RFC, where he helped manage a portfolio of cash and investments.

Mr. Gallagher earned a BS in Economics with Finance, a minor in Philosophy, and an MBA from Southern Methodist University. In 2004, he received his Chartered Financial Analyst (CFA) designation.

John W. Cutler. Prior to joining the Investment Adviser in 2005, Mr. Cutler has had over 30 years of experience in the investment management and securities industries. As an institutional fixed income specialist, Mr. Cutler dealt not only in traditional products but also collateralized mortgage obligations, asset backed securities, restructured RTC products, high yield debt, private placements and derivative instruments. From 2001 to 2005, he served as Managing General Partner of PAR Associates, Inc., an investment partnership formed in 1988. From 1998 to 1999, Mr. Cutler was Vice President in the research group of John S. Herold, Inc. He owned and managed the Pot Luck Casino from 2000 to 2003 in Fernley, NV. He served as a Vice President in the Capital Markets Group of Credit Suisse First Boston Corporation from 1989 to 1994. From 1983 to 1989, he was Regional Manager in the Fixed Income Division of Dean Witter Reynolds. Mr. Cutler started his career as a portfolio manager with U.S. Trust & Co. of New York in 1974.

Mr. Cutler received a BS in Finance from the University of Virginia- McIntire School of Commerce in 1974. He also pursued further studies at The New York Institute of Finance and The New School, NYC.

Investment Management Agreement

The Investment Adviser will act as the investment adviser to the Fund pursuant to an investment management agreement (the Investment Management Agreement). Pursuant to the Investment Management Agreement, the Fund has agreed to pay the Investment Adviser a fee, payable at the end of each calendar month, at an annual rate equal to 1.25% of the average weekly value of the Fund s Managed Assets during such month (the Management Fee) for the services and facilities provided by the Investment Adviser to the Fund.

The Investment Adviser currently intends to reimburse the Fund s expenses to the extent that total annual Fund operating expenses, not including interest payments or other expenses on borrowed funds, exceed 1.50% of average weekly Managed Assets. The Investment Adviser is not obligated to do so, however, and reimbursement may be discontinued at any time.

Because the Management Fee is based upon a percentage of the Fund s Managed Assets, the Management Fee will be higher if the Fund employs leverage. Therefore, the Investment Adviser will have a financial incentive to use leverage, which may create a conflict of interest between the Investment Adviser and the Fund s common shareholders.

In addition to the Management Fee, the Fund pays all other costs and expenses of its operations, including the compensation of its Trustees (other than those affiliated with the Investment Adviser), custodian, transfer and dividend disbursing agent expenses, legal fees, leverage expenses (if any), rating agency fees (if any), listing fees and expenses, expenses of independent auditors, expenses of repurchasing shares, expenses of preparing, printing and distributing shareholder reports, notices, proxy statements and reports to governmental agencies, and taxes, if any.

A discussion regarding the basis for approval by the Fund s Board of Trustees of its Investment Management Agreement with the Investment Adviser will be available in the Fund s annual report to shareholders for the period ended November 30, 2007.

The Investment Management Agreement will continue in effect from year to year after its initial two-year term so long as its continuation is approved at least annually by the Trustees including a majority of Independent Trustees or the vote of a majority of its outstanding voting securities. Investment Management Agreement may be terminated at any time without the payment of any penalty upon 60 days written notice by either party, or by action of the Board of Trustees or by a majority vote of the Fund s outstanding voting securities (as defined under the 1940 Act) (accompanied by appropriate notice), and will terminate automatically upon assignment. The Investment Management Agreement may also be terminated, at any time, without payment of any penalty, by the Board of Trustees or by vote of a majority of outstanding voting securities, in the event that it is established by a court of competent jurisdiction that the Investment Adviser or any principal, officer or employee of the Investment Adviser has taken any action which results in a breach of the covenants of the Investment Adviser set out in the Investment Management Agreement. The Investment Management Agreement will provide that the Investment Adviser will not be liable for any loss sustained by reason of the purchase, sale or retention of any security, whether or not such purchase, sale or retention will have been based upon the investigation and research made by any other individual,

Table of Contents

firm or corporation, if such recommendation will have been selected with due care and in good faith, except loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Investment Adviser in performance of its obligations and duties, or by reason of its reckless disregard of its obligations and duties under the Investment Management Agreement.

Although the Investment Adviser intends to devote such time and effort to the business of the Fund as is reasonably necessary to perform its duties to the Fund, the services of the Investment Adviser are not exclusive, and the Investment Adviser provides similar services to other clients and may engage in other activities.

Portfolio Managers

The following section discusses the accounts managed by the Fund s portfolio managers, the structure and method of their compensation, and their ownership of the Fund s securities. This information is current as of June 30, 2007.

Other Accounts Managed by Portfolio Managers. The following table reflects information regarding accounts for which the portfolio managers have day-to-day management responsibilities (other than the Fund). Accounts are grouped into three categories: (a) registered investment companies, (b) other pooled investment accounts, and (c) other accounts. To the extent that any of these accounts pay advisory fees that are based on account performance, this information will be reflected in a separate table below. Information is shown as of June 30, 2007. Asset amounts are approximate and have been rounded.

	Registered Investment Companies (excluding the Fund)		**Other Pooled Investment Vehicles**		**Other Accounts**	
Portfolio Manager	**Number of Accounts**	**Total Assets in the Accounts**	**Number of Accounts**	**Total Assets in the Accounts**	**Number of Accounts**	**Total Assets in the Accounts**
Jerry V. Swank	0	$ 0	3	$ 1,235,000,000	0	$ 0
Brian D. Watson	0	$ 0	2	$ 81,000,000	1	$ 168,000,000

Other Accounts That Pay Performance-Based Advisory Fees Managed by Portfolio Managers. The following table reflects information regarding accounts for which the portfolio managers have day-to-day management responsibilities (other than the Fund) and with respect to which the advisory fee is based on account performance. Information is shown as of June 30, 2007. Asset amounts are approximate and have been rounded.

	Registered Investment Companies (excluding the Fund)		**Other Pooled Investment Vehicles**		**Other Accounts**	
Portfolio Manager	**Number of Accounts**	**Total Assets in the Accounts**	**Number of Accounts**	**Total Assets in the Accounts**	**Number of Accounts**	**Total Assets in the Accounts**

Jerry V. Swank	0	$	0	3	$	1,235,000,000	0	$	0
Brian D. Watson	0	$	0	2	$	81,000,000	1	$	168,000,000

Messrs. Swank and Watson are compensated by the Investment Adviser. Mr. Swank is a principal of the Investment Adviser and is compensated through partnership distributions that are based primarily on the profits and losses of the Investment Adviser. The partnership distributions are affected by the amount of assets the Investment Adviser manages and the appreciation of those assets, particularly over the long-term, but are not determined with specific reference to any particular performance benchmark or time period. Mr. Watson is compensated through a base salary and a bonus in amounts that are affected primarily by the profits and losses of the Investment Adviser but are also affected by the Investment Adviser s consideration of such factors as his work ethic, seniority, the appreciation of assets in the Fund and other accounts he manages, or any other factors the Investment Adviser determines contribute to client goals and the long-term success of the Investment Adviser. Some of the other accounts managed by Messrs. Swank and Watson, including the Affiliated Funds, have investment strategies that are similar to the Fund s investment strategy. However, the Investment Adviser manages potential material conflicts of interest by allocating investment opportunities in accordance with its allocation policies and procedures. Due to the fact that the Fund is newly organized, no portfolio manager beneficially owns any securities issued by the Fund; however, through his limited partnership interests in the Investment Adviser, which owned all of the Fund s outstanding securities (with a value of approximately $100,000) prior to this offering, Mr. Swank could be deemed to indirectly own a portion of the Fund s securities.

Administrator

U.S. Bancorp Fund Services LLC, the Administrator, which is located at 615 East Michigan Street, Milwaukee, WI 53202, serves as the Fund s administrator pursuant to a fund administration servicing agreement. Pursuant to this agreement, the Administrator provides the Fund with, among other things, compliance oversight, financial reporting oversight and tax reporting. The Fund pays the Administrator a monthly fee computed at an annual rate of 0.08% of the first $100 million of Managed Assets, 0.05% on the next $200 million of Managed Assets and 0.04% on the balance of Managed Assets, subject to a minimum annual fee of $45,000. The Fund will also pay for the Administrator s out-of-pocket expenses. The Administrator also serves as fund accountant pursuant to a fund accounting servicing agreement.

PORTFOLIO TRANSACTIONS AND BROKERAGE

Subject to the oversight of the Board of Trustees, the Investment Adviser is responsible for decisions to buy and sell securities for the Fund, the negotiation of the commissions to be paid on brokerage transactions, the prices for principal trades in securities, and the allocation of portfolio brokerage and principal business. It is the policy of the Investment Adviser to seek the best execution at the best security price available with respect to each transaction in light of the overall quality of brokerage and research services provided to the Investment Adviser. In selecting broker/dealers and in negotiating commissions, the Investment Adviser will consider, among other things, the firm s reliability, the quality of its execution services on a continuing basis and its financial condition.

Section 28(e) of the Securities Exchange Act of 1934, as amended, permits an investment adviser, under certain circumstances, to cause an account to pay a broker or dealer who supplies brokerage and research services a commission for effecting a transaction in excess of the amount of commission another broker or dealer would have charged for effecting the transaction. Brokerage and research services include (a) furnishing advice as to the value of securities, the advisability of investing, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (b) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; and (c) effecting securities transactions and performing functions incidental to those transactions (such as clearance, settlement, and custody).

In light of the above, in selecting brokers, the Investment Adviser may consider investment and market information and other research, such as economic, securities and performance measurement research, provided by such brokers, and the quality and reliability of brokerage services, including execution capability, performance, and financial responsibility. Accordingly, the commissions charged by any such broker may be greater than the amount another firm might charge if the Investment Adviser determines in good faith that the amount of such commissions is reasonable in relation to the value of the research information and brokerage services provided by such broker to the Investment Adviser or to the Fund. The Investment Adviser believes that the research information received in this manner provides the Fund with benefits by supplementing the research otherwise available to the Investment Adviser.

The Investment Adviser seeks to allocate portfolio transactions equitably whenever concurrent decisions are made to purchase or sell securities on behalf of the Fund and another advisory account. In some cases, this procedure could have an adverse effect on the price or the amount of securities available to the Fund. In making such allocations between the Fund and other advisory accounts, the main factors considered by the Investment Adviser are the investment objective, the relative size of portfolio holding of the same or comparable securities, the

Table of Contents

availability of cash for investment and the size of investment commitments generally held, and the views of the persons responsible for recommending investments to the Fund and such other accounts and funds.

NET ASSET VALUE

The Fund will determine the net asset value of its common shares as of the close of regular session trading on the New York Stock Exchange (normally 4:00 p.m. eastern time) no less frequently than weekly on Friday of each week. The Fund calculates net asset value per common share by subtracting liabilities (including accrued expenses or dividends) from the total assets of the Fund (the value of the securities plus cash or other assets, including interest accrued but not yet received) and dividing the result by the total number of outstanding common shares of the Fund. The Fund will rely to some extent on information provided by the MLPs, which is not necessarily timely, to estimate taxable income allocable to the MLP units held in the Fund s portfolio and to estimate the associated deferred tax liability. From time to time the Fund will modify its estimates and/or assumptions regarding its deferred tax liability as new information becomes available. To the extent the Fund modifies its estimates and/or assumptions, the net asset value of the Fund would likely fluctuate.

Valuations

The Fund will use the following valuation methods to determine either current market value for investments for which market quotations are available, or if not available, the fair value, as determined in good faith pursuant to such policies and procedures may be approved by the Board of Trustees from time to time. The valuation of the portfolio securities of the Fund currently includes the following processes:

(i) The market value of each security listed or traded on any recognized securities exchange or automated quotation system will be the last reported sale price at the relevant valuation date on the composite tape or on the principal exchange on which such security is traded. If no sale is reported on that date, the Investment Adviser utilizes, when available, pricing quotations from principal market makers. Such quotations may be obtained from third-party pricing services or directly from investment brokers and dealers in the secondary market. Generally, the Fund s loan and bond positions are not traded on exchanges and consequently are valued based on market prices received from third-party pricing services or broker-dealer sources.

(ii) Dividends declared but not yet received, and rights in respect of securities which are quoted ex-dividend or ex-rights, will be recorded at the fair value of those dividends or rights, as determined by the Investment Adviser, which may (but need not) be the value so determined on the day such securities are first quoted ex-dividend or ex-rights.

(iii) Listed options, or over-the-counter options for which representative brokers quotations are available, will be valued in the same manner as listed or over-the-counter securities. Premiums for the sale of such options written by the Fund will be included in the assets of the Fund, and the market value of such options will be included as a liability.

(iv) The Fund s non-marketable investments will generally be valued in such manner as the Investment Adviser determines in good faith to reflect their fair values under procedures established by, and under the general supervision and responsibility of, the Board of Trustees. The pricing of all assets that are fair valued in this manner will be subsequently reported to and ratified by the Board of Trustees.

When determining the fair value of an asset, the Investment Adviser will seek to determine the price that the Fund might reasonably expect to receive from the current sale of that asset in an arm s length transaction. Fair value determinations will be based upon all available factors that the Investment Adviser deems relevant.

DISTRIBUTIONS

Commencing with the Fund s initial distribution, the Fund intends to make regular quarterly cash distributions of all or a portion of its income to its common shareholders. The Fund expects to declare the initial quarterly dividend on the Fund s common shares and pay its initial distribution within approximately 120 days after the completion of this offering. The Fund may pay capital gain distributions annually, if available.

The Fund anticipates that, due to the tax characterization of cash distributions made by MLPs, a significant portion of the Fund s distributions to common shareholders will consist of tax-advantaged return of capital for U.S. federal income tax purposes. In general, a distribution will constitute a return of capital to a common shareholder, rather than a dividend, to the extent such distribution exceeds the Fund s current and accumulated earnings and profits. The portion of any distribution treated as a return of capital will not be subject to tax currently, but will result in a corresponding reduction in a shareholder s basis in our common shares and in the shareholder s recognizing more gain or less loss (that is, will result in an increase of a shareholder s tax liability) when the shareholder later sells or exchanges our common shares. To permit it to maintain a more stable quarterly distribution rate, the Fund may distribute less or more than the entire amount of cash it receives from its investments in a particular period. Any undistributed cash would be available to supplement future distributions, and until distributed would add to the Fund s net asset value. Correspondingly, such amounts, once distributed, will be deducted from the Fund s net asset value. Shareholders will automatically have all distributions reinvested in common shares issued by the Fund or common shares of the Fund purchased on the open market in accordance with the Fund s dividend reinvestment plan unless an election is made to receive cash. Common shareholders who receive dividends in the form of additional common shares will be subject to the same U.S. federal, state and local tax consequences as common shareholders who elect to receive their dividends in cash. See Dividend Reinvestment Plan.

DIVIDEND REINVESTMENT PLAN

Unless the registered owner of common shares elects to receive cash by contacting the Plan Agent, all dividends declared for your common shares of the Fund will be automatically reinvested by Computershare Trust Company, N.A. and/or Computershare Inc. (together, the Plan Agent), agent for shareholders in administering the Fund s Dividend Reinvestment Plan (the Plan), in additional common shares of the Fund. If a registered owner of common shares elects not to participate in the Plan, you will receive all dividends in cash paid by check mailed directly to you (or, if the shares are held in street or other nominee name, then to such nominee) by the Plan Agent, as dividend disbursing agent. You may elect not to participate in the Plan and to receive all dividends in cash by sending written instructions or by contacting the Plan Agent, as dividend disbursing agent, at the address set out below. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by contacting the Plan Agent before the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution. Some brokers may automatically elect to receive cash on your behalf and may reinvest that cash in additional common shares of the Fund for you.

The Plan Agent will open an account for each common shareholder under the Plan in the same name in which such common shareholder s common shares are registered. Whenever the Fund declares a dividend or other distribution (for purposes of this section, together, a dividend) payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in common shares. The common shares will be acquired by the Plan Agent for the participants accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized common shares from the Fund (newly issued common shares) or (ii) by purchase of outstanding common shares on the open market (open-market purchases) on the New York Stock Exchange or elsewhere.

If, on the payment date for any dividend, the market price per common share plus estimated brokerage commissions is greater than the net asset value per common share (such condition being referred to in this prospectus as market premium), the Plan Agent will invest the dividend amount in newly issued common shares, including fractions, on behalf of the participants. The number of newly issued common shares to be credited to each participant s account will be determined by dividing the dollar amount of the dividend by the net asset value per common share on the payment date; provided that, if the net asset value per common share is less than 95% of the market price per common share on the payment date, the dollar amount of the dividend will be divided by 95% of the market price per common share on the payment date.

If, on the payment date for any dividend, the net asset value per common share is greater than the market value per common share plus estimated brokerage commissions (such condition being referred to in this prospectus as market discount), the Plan Agent will invest the dividend amount in common shares acquired on behalf of the participants in open-market purchases.

In the event of a market discount on the payment date for any dividend, the Plan Agent will have until the last business day before the next date on which the common shares trade on an ex-dividend basis or 120 days after the payment date for such dividend, whichever is sooner (the last purchase date), to invest the dividend amount in common shares acquired in open-market purchases. It is contemplated that the Fund will pay quarterly dividends. Therefore, the period during which open-market purchases can be made will exist only from the payment date of each dividend through the date before the ex-dividend date of the third month of the quarter. If, before the Plan Agent has completed its open-market purchases, the market price of a common share exceeds the net asset value per common share, the average per common share purchase price paid by the Plan Agent may exceed the net asset value of the common shares, resulting in the acquisition of fewer common shares than if the dividend had been paid in newly issued common shares on the dividend payment date. Because of the foregoing difficulty with respect to open market purchases, if the Plan Agent is unable to invest the full dividend amount in open market purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Agent may cease making open-market purchases and may invest the uninvested portion of the dividend amount in newly issued common shares at the net asset value per common share at the close of business on the last purchase date; provided that, if the net asset value per common share is less than 95% of the market price per common share on the payment date, the dollar amount of the dividend will be divided by 95% of the market price per common share on the payment date.

The Plan Agent maintains all shareholders accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common shares in the account of each Plan participant will be held by the Plan Agent on behalf of the Plan participant, and each shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Agent will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instructions of the participants.

In the case of shareholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of common shares certified from time to time by the record shareholder s name and held for the account of beneficial owners who participate in the Plan.

There will be no brokerage charges with respect to common shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred in connection with open-market purchases. The automatic reinvestment of dividends will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such dividends. Accordingly, any taxable dividend received by a participant that is reinvested in additional common shares will be subject to federal (and possibly state and local) income tax even though such participant will not receive a corresponding amount of cash with which to pay such taxes. See Tax Matters. Participants who request a sale of shares through the Plan Agent are subject to a $15.00 sales fee and pay a brokerage commission of $0.12 per share sold.

The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

For more information about the plan you may contact the Plan Agent in writing at PO Box 43078, Providence, RI 02940-3078, or by calling the Plan Agent at 1-800-662-7232.

DESCRIPTION OF SHARES

Common Shares

The Fund is a statutory trust organized under the laws of Delaware pursuant to a Declaration of Trust dated as of May 23, 2007. The Fund is authorized to issue an unlimited number of common shares of beneficial interest, par value $0.001 per share. Each common share has one vote and, when issued and paid for in accordance with the terms of this offering, will be fully paid and non-assessable, except that the Board of Trustees will have the power to cause shareholders to pay expenses of the Fund by setting off charges due from shareholders from declared but unpaid distributions owed the shareholders and/or by reducing the number of common shares owned by each respective shareholder. The Fund currently is not aware of any expenses that will be paid pursuant to this provision, except to the extent fees payable under its Dividend Reinvestment Plan are deemed to be paid pursuant to this provision.

The Fund intends to hold annual meetings of shareholders so long as the common shares are listed on a national securities exchange and such meetings are required as a condition to such listing. All common shares are equal as to distributions, assets and voting privileges and have no conversion, preemptive or other subscription rights. The Fund will send annual and semi-annual reports, including financial statements, to all holders of its shares.

The Fund has no present intention of offering any additional shares and common shares issued under the Fund s Dividend Reinvestment Plan. Any additional offerings of shares will require approval by the Board of Trustees. Any additional offering of common shares will be subject to the requirements of the 1940 Act, which provides that shares may not be issued at a price below the then current net asset value, exclusive of sales load, except in connection with an offering to existing holders of common shares or with the consent of a majority of the Fund s outstanding voting securities.

The Fund s common shares are expected to be listed on the New York Stock Exchange under the symbol SRV. Net asset value will be reduced immediately following the offering of common shares by the amount of the sales load and offering costs paid by the Fund. See Summary of Fund Expenses.

Unlike open-end funds, closed-end funds like the Fund do not continuously offer shares and do not provide daily redemptions. Rather, if a shareholder determines to buy additional common shares or sell shares already held, the shareholder may do so by trading through a broker on the New York Stock Exchange or otherwise. Shares of closed-end funds frequently trade on an exchange at prices lower than net asset value. Because the market value of the common shares may be influenced by such factors as distribution levels (which are in turn affected by expenses), distribution stability, net asset value, relative demand for and supply of such shares in the market, general market and economic conditions and other factors beyond the control of the Fund, the Fund cannot assure you that common shares will trade at a price equal to or higher than net asset value in the future. The common shares are designed primarily for long-term investors and you should not purchase the common shares if you intend to sell them soon after purchase.

Preferred Shares

The Fund s Amended and Restated Agreement and Declaration of Trust (the Agreement and Declaration of Trust) provides that the Board of Trustees may authorize and issue Preferred Shares with rights as determined by the Board of Trustees, by action of the Board of Trustees without the approval of the holders of the common shares. Holders of common shares have no preemptive right to purchase any Preferred Shares that might be issued. Whenever Preferred Shares are outstanding, the holders of common shares will not be entitled to receive any distributions from the Fund unless all accrued distributions on Preferred Shares have been paid, unless asset coverage (as defined in the 1940 Act) with respect to Preferred Shares would be at least 200% after giving effect to the distributions and unless certain other requirements imposed by any rating agencies rating the Preferred Shares have been met.

Liquidation Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Fund, the holders of Preferred Shares will be entitled to receive a preferential liquidating distribution, which is expected to equal the original purchase price per Preferred Share plus accrued and unpaid distributions, whether or not declared, before any distribution of assets is made to holders of common shares. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of Preferred Shares will not be entitled to any further participation in any distribution of assets by the Fund.

Voting Rights. The 1940 Act requires that the holders of any Preferred Shares, voting separately as a single class, have the right to elect at least two trustees at all times. The remaining trustees will be elected by holders of common shares and Preferred Shares, voting together as a single class. In addition, subject to the prior rights, if any, of the holders of any other class of senior securities outstanding, the holders of any Preferred Shares have the right to elect a majority of the trustees of the Fund at any time two years of distributions on any Preferred Shares are unpaid. The 1940 Act also requires that, in addition to any approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding Preferred Shares, voting separately as a class, would be required to (i) adopt any plan of reorganization that would adversely affect the Preferred Shares, and (ii) take any action requiring a vote of security holders under Section 13(a) of the 1940 Act, including, among other things, changes in the Fund s subclassification as a closed-end fund or changes in its fundamental investment restrictions. As a result of these voting rights, the Fund s ability to take any such actions may be impeded to the extent that there are any Preferred Shares outstanding. The Board of Trustees presently intends that, except as otherwise indicated in this prospectus and except as otherwise required by applicable law, holders of Preferred Shares will have equal voting rights with holders of common shares (one vote per share, unless otherwise required by the 1940 Act) and will vote together with holders of common shares as a single class.

The affirmative vote of the holders of a majority of the outstanding Preferred Shares, voting as a separate class, will be required to amend, alter or repeal any of the preferences, rights or powers of holders of Preferred Shares so as to affect materially and adversely such preferences, rights or powers, or to increase or decrease the authorized number of Preferred Shares. The class vote of holders of Preferred Shares described above will in each case be in addition to any other vote required to authorize the action in question.

Redemption, Purchase and Sale of Preferred Shares by the Fund. The terms of the Preferred Shares are expected to provide that (i) they are redeemable by the Fund in whole or in part at the original purchase price per share plus accrued distributions per share, (ii) the Fund may tender for or purchase Preferred Shares and (iii) the Fund may subsequently resell any shares so tendered for or purchased. Any redemption or purchase of Preferred Shares by the Fund will reduce the leverage applicable to the common shares, while any resale of shares by the Fund will increase that leverage.

The discussion above describes the possible offering of Preferred Shares by the Fund. If the Board of Trustees determines to proceed with such an offering, the terms of the Preferred Shares may be the same as, or different from, the terms described above, subject to applicable law and the Agreement and Declaration of Trust. The Board of Trustees, without the approval of the holders of common shares, may authorize an offering of Preferred Shares or may determine not to authorize such an offering and may fix the terms of the Preferred Shares to be offered.

Other Shares

The Board of Trustees (subject to applicable law and the Agreement and Declaration of Trust) may authorize an offering, without the approval of the holders of either common shares or Preferred Shares, of other classes of shares, or other classes or series of shares, as they determine to be necessary, desirable or appropriate, having such terms, rights, preferences, privileges, limitations and restrictions as the Board of Trustees see fit. The Fund currently does not expect to issue any other classes of shares, or series of shares, except for the common shares.

ANTI-TAKEOVER PROVISIONS IN THE AGREEMENT AND DECLARATION OF TRUST

The Agreement and Declaration of Trust includes provisions that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board of Trustees. This could have the effect of depriving shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control over the Fund. Such attempts could have the effect of increasing the expenses of the Fund and disrupting the normal operation of the Fund. The Board of Trustees is divided into three classes, with the terms of one class expiring at each annual meeting of shareholders. At each annual meeting, one class of Trustees is elected to a three-year term. This provision could delay for up to two years the replacement of a majority of the Board of Trustees. A Trustee may be removed from office (with or without cause) by the action of a majority of the remaining Trustees followed by a vote of the holders of at least 75% of the shares then entitled to vote for the election of the respective Trustee.

In addition, the Agreement and Declaration of Trust requires the favorable vote of a majority of the Fund s Board of Trustees followed by the favorable vote of the holders of at least 75% of the outstanding shares of each

Table of Contents

affected class or series of the Fund, voting separately as a class or series, to approve, adopt or authorize certain transactions with 5% or greater holders of a class or series of shares and their associates, unless the transaction has been approved by at least 75% of the Trustees, in which case a majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund will be required. For purposes of these provisions, a 5% or greater holder of a class or series of shares (a Principal Shareholder) refers to any person who, whether directly or indirectly and whether alone or together with its affiliates and associates, beneficially owns 5% or more of the outstanding shares of all outstanding classes or series of shares of beneficial interest of the Fund.

The 5% holder transactions subject to these special approval requirements are: the merger or consolidation of the Fund or any subsidiary of the Fund with or into any Principal Shareholder; the issuance of any securities of the Fund to any Principal Shareholder for cash, except pursuant to any automatic dividend reinvestment plan; the sale, lease or exchange of any assets of the Fund to any Principal Shareholder, except assets having an aggregate fair market value of less than $1,000,000, aggregating for the purpose of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period; or the sale, lease or exchange to the Fund or any subsidiary of the Fund, in exchange for securities of the Fund, of any assets of any Principal Shareholder, except assets having an aggregate fair market value of less than $1,000,000, aggregating for purposes of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period.

To convert the Fund to an open-end investment company, the Agreement and Declaration of Trust requires the favorable vote of a majority of the board of the Trustees followed by the favorable vote of the holders of at least 75% of the outstanding shares of each affected class or series of shares of the Fund, voting separately as a class or series, unless such amendment has been approved by 75% of the Trustees, in which case a majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund will be required. The foregoing vote would satisfy a separate requirement in the 1940 Act that any conversion of the Fund to an open-end investment company be approved by the shareholders. If approved in the foregoing manner, conversion of the Fund to an open-end investment company could not occur until 90 days after the shareholders meeting at which such conversion was approved and would also require at least 30 days prior notice to all shareholders. Following any such conversion, it is possible that certain of the Fund s investment policies and strategies would have to be modified to assure sufficient portfolio liquidity. In the event of conversion, the common shares would cease to be listed on the New York Stock Exchange or other national securities exchanges or market systems. Shareholders of an open-end investment company may require the company to redeem their shares at any time, except in certain circumstances as authorized by or under the 1940 Act, at their net asset value, less such redemption charge, if any, as might be in effect at the time of a redemption. The Fund expects to pay all such redemption requests in cash, but reserves the right to pay redemption requests in a combination of cash or securities. If such partial payment in securities were made, investors may incur brokerage costs in converting such securities to cash. If the Fund were converted to an open-end fund, it is likely that new shares would be sold at net asset value plus a sales load. The Board of Trustees believes, however, that the closed-end structure is desirable in light of the Fund s investment objective and its policies and strategies. Therefore, you should assume that it is not likely that the Board of Trustees would vote to convert the Fund to an open-end fund.

For the purposes of calculating a majority of the outstanding voting securities under the Agreement and Declaration of Trust, each class and series of the Fund will vote together as a single class, except to the extent required by the 1940 Act or the Agreement and Declaration of Trust, with respect to any class or series of shares. If a separate class vote is required, the applicable proportion of shares of the class or series, voting as a separate class or series, also will be required.

The Agreement and Declaration of Trust also provides that the Fund may be dissolved and terminated upon the approval of 75% of the Trustees.

The Board of Trustees has determined that provisions with respect to the Board of Trustees and the shareholder voting requirements described above, which voting requirements are greater than the minimum requirements under Delaware law or the 1940 Act, are in the best interest of shareholders generally. Reference should be made to the Agreement and Declaration of Trust, on file with the Commission for the full text of these provisions.

CERTAIN PROVISIONS OF DELAWARE LAW, THE AGREEMENT AND DECLARATION OF TRUST AND BYLAWS

Classified Board of Trustees. The Fund s Board of Trustees is divided into three classes of trustees serving staggered three-year terms. The initial terms of the first, second and third classes will expire in 2008, 2009 and 2010, respectively. Beginning in 2008, upon expiration of their current terms, Trustees of each class will be elected to serve for three-year terms and until their successors are duly elected and qualify and each year one class of Trustees will be elected by the shareholders. A classified board may render a change in control of the Fund or removal of the Fund s incumbent management more difficult. The Fund believes, however, that the longer time required to elect a majority of a classified Board of Trustees will help to ensure the continuity and stability of its management and policies.

Election of Trustees. The Fund s Agreement and Declaration of Trust provides that the affirmative vote of the holders of a plurality of the outstanding shares entitled to vote in the election of Trustees will be required to elect a Trustee.

Number of Trustees; Vacancies; Removal. The Fund s Agreement and Declaration of Trust provides that the number of Trustees will be set by the Board of Trustees. The Fund s Agreement and Declaration of Trust provides that a majority of the Fund s Trustees then in office may at any time increase or decrease the number of Trustees provided there will be at least one Trustee. As soon as any such Trustee has accepted his appointment in writing, the trust estate will vest in the new Trustee, together with the continuing Trustees, without any further act or conveyance, and he will be deemed a Trustee hereunder. The Trustees power of appointment is subject to Section 16(a) of the 1940 Act. Whenever a vacancy in the number of Trustees will occur, until such vacancy is filled as provided, the Trustees in office, regardless of their number, will have all the powers granted to the Trustees and will discharge all the duties imposed upon the Trustees by the Declaration.

Action by Shareholders. Shareholder action can be taken only at an annual or special meeting of shareholders or by written consent in lieu of a meeting.

Advance Notice Provisions for Shareholder Nominations and Shareholder Proposals. The Fund s Bylaws provide that with respect to an annual meeting of shareholders, nominations of persons for election to the Board of Trustees and the proposal of business to be considered by shareholders may be made only (1) pursuant to the Fund s notice of the meeting, (2) by the Board of Trustees or (3) by a shareholder of record both at the time of giving of notice and at the time of the annual meeting who is entitled to vote at the meeting and who has complied with the advance notice procedures of the Bylaws. With respect to special meetings of shareholders, only the business specified in the Fund s notice of the meeting may be brought before the meeting. Nominations of persons for election to the Board of Trustees at a special meeting may be made only (1) pursuant to the Fund s notice of the meeting, (2) by the Board of Trustees or (3) provided that the Board of Trustees has determined that Trustees will be elected at the meeting, by a shareholder of record both at the time of giving of notice and at the time of the annual meeting who is entitled to vote at the meeting and who has complied with the advance notice provisions of the Bylaws.

Calling of Special Meetings of Shareholders. The Fund s Bylaws provide that special meetings of shareholders may be called at any time by the Chairman, the President or the Trustees. By following certain procedures, a special meeting of shareholders will also be called by the Secretary of the Trust upon the written request of the Shareholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

CLOSED-END FUND STRUCTURE

Closed-end funds differ from open-end management investment companies (commonly referred to as mutual funds). Closed-end funds generally list their shares for trading on a securities exchange and do not redeem their shares at the option of the shareholder. In contrast, mutual funds issue securities redeemable at net asset value at the option of the shareholder and typically engage in a continuous offering of their shares. Although mutual funds are subject to continuous asset in-flows and out-flows that can complicate portfolio management, closed-end funds generally can stay more fully invested in securities consistent with the closed-end fund s investment objective and policies. Accordingly, closed-end funds have greater flexibility than open-end funds to make certain types of investments, including investments in illiquid securities.

Shares of closed-end funds listed for trading on a securities exchange frequently trade at discounts to their net asset value, but in some cases trade at a premium. The market price may be affected by net asset value, dividend or distribution levels (which are dependent, in part, on expenses), supply of and demand for the shares, stability of dividends or distributions, trading volume of the shares, general market and economic conditions and other factors beyond the control of the closed-end fund. The foregoing factors may result in the market price of the Fund s common shares being greater than, less than or equal to net asset value. The Board of Trustees has reviewed the Fund s structure in light of its investment objective and policies and has determined that the closed-end structure is in the best interests of the Fund s shareholders. However, the Board of Trustees may periodically review the trading range and activity of the Fund s shares with respect to their net asset value and may take certain actions to seek to reduce or eliminate any such discount. Such actions may include open market repurchases or tender offers for the Fund s common shares at net asset value or the Fund s possible conversion to an open-end mutual fund. There can be no assurance that the Board of Trustees will decide to undertake any of these actions or that, if undertaken, such actions would result in the Fund s common shares trading at a price equal to or close to net asset value per share of its common shares. Based on the determination of the Board of Trustees in connection with this initial offering of the Fund s common shares that the closed-end structure is desirable in light of the Fund s investment objective and policies, it is highly unlikely that the Board of Trustees would vote to convert the Fund to an open-end investment company.

Delaware trust law provides that any proposal for the Fund s conversion from a closed-end fund to an open-end investment company requires the approval of its Board of Trustees and the shareholders entitled to cast at least 80% of the votes entitled to be cast on such matter. However, if such proposal is also approved by at least 80% of the Fund s continuing Trustees (in addition to the approval by the Fund s Board of Trustees), such proposal may be approved by a majority of the votes entitled to be cast on the matter. See Description of Shares for a discussion of voting requirements applicable to the Fund s conversion to an open-end investment company. If the Fund converted to an open-end investment company, it would be required to redeem all preferred stock then outstanding (requiring in turn that it liquidate a portion of its investment portfolio) and its common shares would not be eligible to be listed on the NYSE. Conversion to open-end status could also require the Fund to modify certain investment restrictions and policies. Shareholders of an open-end investment company may require the investment company to redeem their shares at any time (except in certain circumstances as authorized by or permitted under the 1940 Act) at their net asset value, less such redemption charge, if any, as might be in effect at the time of redemption. In order to avoid maintaining large cash positions or liquidating favorable investments to meet redemptions, open-end investment companies typically engage in a continuous offering of their shares. Open-end investment companies are thus subject to periodic asset in-flows and out-flows that can complicate portfolio management. The Fund s Board of Trustees may at any time propose the Fund s conversion to open-end status, depending upon its judgment regarding the advisability of such action in light of circumstances then prevailing.

REPURCHASE OF COMMON SHARES

In recognition of the possibility that the Fund s common shares might trade at a discount to net asset value and that any such discount may not be in the interest of the Fund s common shareholders, the Board of Trustees, in consultation with the Investment Adviser, from time to time may, but is not required to, review possible actions to reduce any such discount. The Board of Trustees also may, but is not required to, consider from time to time open market repurchases of and/or tender offers for the Fund s common shares, as well as other potential actions, to seek to reduce any market discount from net asset value that may develop. After any consideration of potential actions to seek to reduce any significant market discount, the Board of Trustees may, subject to its applicable duties and compliance with applicable U.S. state and federal laws, authorize the commencement of a share-repurchase program or tender offer. The size and timing of any such share repurchase program or tender offer will be determined by the Board of Trustees in light of the market discount of the Fund s common shares, trading volume of the Fund s common shares, information presented to the Board of Trustees regarding the potential impact of any such share repurchase program or tender offer, general market and economic conditions and applicable law. There can be no assurance that the Fund will in fact effect repurchases of or tender offers for any of its common shares. The

Fund may, subject to its investment limitation with respect to borrowings, incur debt to finance such repurchases or a tender offer or for other valid purposes. Interest on any such borrowings would increase the Fund s expenses and reduce its net income.

There can be no assurance that repurchases of the Fund s common shares or tender offers, if any, will cause share of its common shares to trade at a price equal to or in excess of their net asset value. Nevertheless, the possibility that a portion of the Fund s outstanding common shares may be the subject of repurchases or tender offers may reduce the spread between market price and net asset value that might otherwise exist. Sellers may be less inclined to accept a significant discount in the sale of their common shares if they have a reasonable expectation of being able to receive a price of net asset value for a portion of their common shares in conjunction with an announced repurchase program or tender offer for the Fund s common shares.

Although the Board of Trustees believes that repurchases or tender offers generally would have a favorable effect on the market price of the Fund s common shares, the acquisition of common shares by the Fund will decrease its total assets and therefore will have the effect of increasing its expense ratio and decreasing the asset coverage with respect to any preferred stock outstanding. Because of the nature of the Fund s investment objective, policies and portfolio, particularly its investment in illiquid or otherwise restricted securities, it is possible that repurchases of common shares or tender offers could interfere with the Fund s ability to manage its investments in order to seek its investment objective. Further, it is possible that the Fund could experience difficulty in borrowing money or be required to dispose of portfolio securities to consummate repurchases of or tender offers for common shares.

TAX MATTERS

Tax matters are complicated, and the U.S. federal, state, local and foreign tax consequences of an investment in and holding of the Fund s common shares will depend on the facts of each investor s situation. Investors are encouraged to consult their own tax advisers regarding the specific tax consequences that may affect such investors.

The following is a summary of the material U.S. federal income tax considerations generally applicable to U.S. Shareholders (as defined below) that acquire shares pursuant to this offering and that hold such shares as capital assets (generally, for investment). The discussion is based upon the Code, Treasury Regulations, judicial authorities, published positions of the Internal Revenue Service (the IRS) and other applicable authorities, all as in effect on the date of this prospectus and all of which are subject to change or differing interpretations (possibly with retroactive effect). This summary does not address all of the potential U.S. federal income tax consequences that may be applicable to the Fund or to all categories of investors, some of which may be subject to special tax rules. No ruling has been or will be sought from the IRS regarding any matter discussed in this prospectus. Counsel to the Fund has not rendered any legal opinion to the Fund regarding any tax consequences relating to the Fund or an investment in the Fund. No assurance can be given that the IRS would not assert, or that a court would not sustain a position contrary to any of the tax aspects set out below.

Prospective investors must consult their own tax advisers as to the U.S. federal income tax consequences of acquiring, holding and disposing of common shares, as well as the effects of state, local and foreign tax laws.

For purposes of this summary, the term U.S. Shareholder means a beneficial owner of shares that, for U.S. federal income tax purposes, is one of the following:

- an individual who is a citizen or resident of the United States;

- a corporation or other entity taxable as a corporation created in or organized under the laws of the United States or any state of the United States;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust (x) if a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust or (y) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership holds shares, the U.S. federal income tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships that hold shares should consult their tax advisers.

The Fund

The Fund will be treated as a regular corporation, or C corporation, for U.S. federal income tax purposes. Accordingly, the Fund generally will be subject to U.S. federal income tax on its taxable income at the graduated rates applicable to corporations (currently at a maximum rate of 35%). In addition, as a regular corporation, the Fund may be subject to state income tax by reason of its investments in equity securities of MLPs. The Fund may be subject to a 20% alternative minimum tax on its alternative minimum taxable income to the extent that the alternative minimum tax exceeds the Fund s regular income tax liability. The Fund s payment of U.S. corporate income tax or alternative minimum tax could materially reduce the amount of cash available for the Fund to make distributions on the shares. In addition, distributions to shareholders of the Fund will be taxed under federal income tax laws applicable to corporate distributions, and thus the Fund s taxable income will be subject to a double layer of taxation.

The income from equity securities of certain MLPs is treated as qualifying income for purposes of qualifying as a regulated investment company under the Code. However, a regulated investment company may not invest more than 25% of its assets in the equity securities of MLPs. Thus, the Fund does not expect that it will be eligible to elect to be treated as a regulated investment company because the Fund intends to invest more than 25% of its assets in the equity securities of MLPs.

Certain Fund Investments

MLP Equity Securities. MLPs differ from corporations in the way they are treated for U.S. federal income tax purposes. A corporation is required to pay U.S. federal income tax on its income, and, to the extent the corporation makes distributions to its shareholders in the form of dividends from earnings and profits, its shareholders are required to pay U.S. federal income tax on such dividends. For this reason, it is said that corporate income is taxed at two levels. An MLP is instead treated as a partnership for U.S. federal income tax purposes, which means no U.S. federal income tax is imposed at the partnership entity level. A partnership s items of taxable income, gain, loss and deductions are generally allocated among all the partners in proportion to their interests in the partnership. Each partner is required to include in income its allocable shares of these tax items. Partnership income is thus said to be taxed only at one level at the partner level.

The Code generally requires all publicly traded partnerships to be treated as corporations for U.S. federal income tax purposes. If, however, a publicly traded partnership satisfies specific requirements, the publicly traded partnership will be treated as a partnership for U.S. federal income tax purposes. Such publicly traded partnerships are referred to in this Tax Matters discussion as MLPs. Under these requirements, an MLP is required to derive 90% of its gross income for each taxable year from specified sources of qualifying income, such as interest, dividends, real estate rents, gain from the sale or disposition of real property, gains on sales of certain capital assets, and in certain limited circumstances, income and gain from commodities or futures, forwards and options with respect to commodities. Qualifying income also includes income and gain from mineral or natural resources activities, including exploration, development, production, mining, refining, marketing and transportation (including pipelines), of oil and gas, minerals, fertilizer, geothermal energy, or timber. Most MLPs today are in natural resource, timber or real estate related (including mortgage securities) businesses.

Although distributions from MLPs resemble corporate dividends, they are treated differently for U.S. federal income tax purposes. A distribution from an MLP is treated as a tax-free return of capital to the extent of the partner s tax basis in its MLP interest and as gain from the sale or exchange of the MLP interest to the extent the distribution exceeds the partner s tax basis in its MLP interest.

When the Fund invests in the equity securities of an MLP, the Fund will be a partner in such MLP. Accordingly, the Fund will be required to include in its taxable income the Fund s allocable share of the income, gains, losses and deductions recognized by each such MLP, whether or not the MLP distributes cash to the Fund. Based upon a review of the historic results of the type of MLPs in which the Fund intends to invest, the Fund expects that the cash distributions it will receive with respect its investments in equity securities of MLPs will exceed the taxable income allocated to the Fund from such MLPs. No assurance, however, can be given in this regard. If this expectation is not realized, the Fund will have a larger corporate income tax expense than expected, which will result in less cash available to distribute to shareholders.

The Fund will recognize gain or loss on the sale, exchange or other taxable disposition of an equity security of an MLP equal to the difference between the amount realized by the Fund on the sale, exchange or other taxable disposition and the Fund s adjusted tax basis in such equity security. Any such gain will be subject to U.S. federal income tax at the regular graduated corporate rates (currently at a maximum rate of 35%), regardless of how long the Fund has held such equity security. The amount realized by the Fund generally will be the amount paid by the purchaser of the equity security plus the portion of the Fund s allocable share, if any, of the MLP s debt that will be allocated to the purchaser as a result of the sale, exchange or other taxable disposition. The Fund s adjusted tax basis in its equity securities in an MLP is generally equal to the amount the Fund paid for the equity securities, (x) increased by the Fund s allocable share of the MLP s net taxable income and the Fund s allocable share of the MLP s debt, if any, and (y) decreased by the Fund s allocable share of the MLP s net losses, reductions in the Fund s allocable share of the MLP s debt, if any, and any distributions received by the Fund from the MLP. Although any distribution by an MLP to the Fund in excess of the Fund s allocable share of such MLP s net taxable income generally will not be taxable to the extent the distribution does not exceed the Fund s tax basis in the MLP, such distribution will reduce the Fund s tax basis and thus increase the amount of gain (or decrease the amount of loss) that will be recognized on the sale of an equity security in the MLP by the Fund or on a subsequent distribution by the MLP to the Fund.

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

Other Investments. The Fund s transactions in foreign currencies, forward contracts, options and futures contracts (including options and futures contracts on foreign currencies), to the extent permitted, will be subject to special provisions of the Code (including provisions relating to hedging transactions and straddles) that, among other things, may affect the character of gains and losses realized by the Fund (*i.e.*, may affect whether gains or losses are ordinary or capital or short-term versus long-term), accelerate recognition of income to the Fund and defer Fund losses. These provisions also (a) will require the Fund to mark-to-market certain types of the positions in its portfolio (*i.e.*, treat them as if they were closed out at the end of each year) and (b) may cause the Fund to recognize income without receiving a corresponding amount cash.

If the Fund invests in debt obligations having original issue discount, the Fund may recognize taxable income from such investments in excess of any cash received from the investments.

Foreign Investments. Dividends or other income (including, in some cases, capital gains) received by the Fund from investments in non-U.S. securities may be subject to withholding and other taxes imposed by foreign countries. Tax conventions between certain countries and the United States may reduce or eliminate such taxes in some cases. Foreign taxes paid by the Fund will reduce the return from the Fund s investments. Shareholders will not be entitled to claim credits or deductions on their own tax returns for foreign taxes paid by the Fund.

The Fund may invest in PFICs. As a result of an investment in a PFIC, the Fund may be subject to an interest charge or, if it makes one of the elections described below, may be required to recognize taxable income related to such investment prior to its receipt of the corresponding cash.

If the Fund were to invest in a PFIC and elect to treat the PFIC as a qualified electing fund under the Code, the Fund would be required to include in income each year a portion of the ordinary earnings and net capital gains of the qualified electing fund, even if not distributed to the Fund. In order to make this election, the Fund would be required to obtain certain annual information from the PFICs in which it invests, which may be difficult or impossible to obtain.

Alternatively, the Fund may make a mark-to-market election with respect to an interest in a PFIC that is marketable stock as defined in the PFIC rules. This election will result in the Fund s being treated as if it had sold and repurchased its PFIC stock at the end of each year. In such case, the Fund would report any such gains as ordinary income and would deduct any such losses as ordinary losses to the extent of previously recognized gains. The election must be made separately for each PFIC owned by the Fund and, once made, would be effective for all subsequent taxable years, unless revoked with the consent of IRS.

U.S. Shareholders

Distributions. Distributions by the Fund of cash or property in respect of the shares will be treated as dividends for U.S. federal income tax purposes to the extent paid from the Fund s current or accumulated earnings and profits (as determined under U.S. federal income tax principles) and will be includible in gross income by a U.S. Shareholder upon receipt. Any such dividend will be eligible for the dividends received deduction if received by an otherwise qualifying corporate U.S. Shareholder that meets the holding period and other requirements for the dividends received deduction. Dividends paid by the Fund to certain non-corporate U.S. Shareholders (including individuals), with respect to taxable years beginning on or before December 31, 2010, will be eligible for U.S. federal income taxation at the rates generally applicable to long-term capital gains for individuals (currently at a maximum tax rate of 15%), provided that the U.S. Shareholder receiving the dividend satisfies applicable holding period and other requirements.

If the amount of a Fund distribution exceeds the Fund s current and accumulated earnings and profits, such excess will be treated first as a tax-free return of capital to the extent of the U.S. Shareholder s tax basis in the shares, and then as capital gain. Any such capital gain will be long-term capital gain if such U.S. Shareholder has held the applicable shares for more than one year. The Fund s earnings and profits are generally calculated by making certain adjustments to the Fund s taxable income. Based upon the Fund s review of the historic results of the type of MLPs in which the Fund intends to invest, the Fund expects that the cash distributions it will receive with respect to its investments in equity securities of MLPs will exceed the Fund s earnings and profits. Accordingly, the Fund expects that only a portion of its distributions to its shareholders with respect to the shares will be treated as dividends for U.S. federal income tax purposes. No assurance, however, can be given in this regard.

Because the Fund will invest a substantial portion of its assets in natural resource-related MLPs, special rules will apply to the calculation of the Fund s earnings and profits. For example, the Fund s earnings and profits will be calculated using the straight-line depreciation method rather than the accelerated depreciation method. This difference in treatment may, for example, result in the Fund s earnings and profits being higher than the Fund s taxable income in a particular year if the MLPs in which the Fund invests calculate their income using accelerated depreciation. Because of these differences, the Fund may make distributions in a particular year out of earnings and profits (treated as dividends) in excess of the amount of the Fund s taxable income for such year.

U.S. Shareholders that participate in the Fund s dividend reinvestment plan will be treated for U.S. federal income tax purposes as having (i) received a distribution equal to the reinvested amount (taxable as described immediately above) and (ii) reinvested such amount in shares.

Sales of Shares. Upon the sale, exchange or other taxable disposition of shares, a U.S. Shareholder generally will recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange or other taxable disposition and the U.S. Shareholder s adjusted tax basis in the shares. Any such capital gain or loss will be a long-term capital gain or loss if the U.S. Shareholder has held the shares for more than one year at the time of disposition. Long-term capital gains of certain non-corporate U.S. Shareholders (including individuals) are currently subject to U.S. federal income taxation at a maximum rate of 15% (scheduled to increase to 20% for taxable years beginning after December 31, 2010). The deductibility of capital losses is subject to limitations under the Code.

A redemption of shares will be treated as a sale or exchange of such shares provided the redemption is not essentially equivalent to a dividend, is a substantially disproportionate redemption, is a complete redemption of an shareholder s interest in the Fund, or is in partial liquidation of the Fund. A redemption treated as a sale or exchange of shares will be subject to U.S. federal income tax as described immediately above. Redemptions that do not qualify for sale or exchange treatment will be treated as dividends to the extent paid from the Fund s current or accumulated earnings and profits allocable to such redemptions. To the extent the Fund does not have sufficient earnings and profits, the redemption proceeds will constitute a return of capital and will first be applied against and reduce a shareholder s adjusted basis in his or her shares, but not below zero, and then the excess, if any, will be treated as gain from the sale of the shares. If the Fund redeems shares, there is a risk that the non-tendering shareholders would be considered to have received a deemed distribution as a result of the Fund s purchase of the tendered shares, and all or a portion of that deemed distribution may be taxable as a dividend.

A U.S. Shareholder s adjusted tax basis in its shares may be less than the price paid for the shares as a result of distributions by the Fund in excess of the Fund s earnings and profits (i.e., returns of capital).

Information Reporting and Backup Withholding Requirements. In general, distributions on the shares, and payments of the proceeds from a sale, exchange or other disposition of the shares paid to a U.S. Shareholder are subject to information reporting on Form 1099 and may be subject to backup withholding (currently at a maximum rate of 28%) unless the U.S. Shareholder (i) is a corporation or other exempt recipient or (ii) provides an accurate taxpayer identification number and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Shareholder will be refunded or credited against the U.S. Shareholder s U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS. Each shareholder will receive, if appropriate, various written notices after the close of the Fund s taxable year describing the amount and the U.S. federal income tax status of distributions that were paid (or that are treated as having been paid) by the Fund to the shareholder, and the amount of any U.S. federal taxes withheld, during the preceding taxable year.

Non-U.S. Shareholders

For purposes of this summary, the term Non-U.S. Shareholder means a beneficial owner of shares that, for U.S. federal income tax purposes, is one of the following:

- a non-resident alien individual, other than certain former citizens and residents of the United States subject to tax as expatriates,
- a foreign corporation or
- a foreign estate or trust.

If a partnership holds shares, the U.S. federal income tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships that hold shares should consult their tax advisers.

A Non-U.S. Shareholder does not include (i) an individual who is present in the United States for 183 days or more in the taxable year of disposition and is not otherwise a resident of the United States for U.S. federal income tax purposes or (ii) any person who owns at any time, actually or constructively, more than 5% of the Fund s shares. Any such person is urged to consult his, her or its own tax adviser regarding the U.S. federal income tax consequences of the sale, exchange or other disposition of shares.

This summary assumes that the Non-U.S. Shareholder s investment in the Fund is not effectively connected with the conduct by such Non-U.S. Shareholder of a trade or business in the United States. Any Non-U.S. Shareholder whose investment in the Fund is effectively connected with such Non-U.S. Shareholder s conduct of a trade or business in the United States should consult its own tax adviser.

Distributions. Distributions by the Fund of cash or property in respect of the shares will be treated as dividends for U.S. federal income tax purposes to the extent paid from the Fund s current and accumulated earnings and profits (as determined under U.S. federal income tax principles). Dividends paid by the Fund to a Non-U.S. Shareholder generally will be subject to withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. In order to obtain a reduced rate of withholding tax, a Non-U.S. Shareholder will be required to provide an IRS Form W-8BEN certifying its entitlement to benefits under a treaty.

If the amount of a Fund distribution exceeds the Fund s current and accumulated earnings and profits, such excess will be treated first as a tax-free return of capital to the extent of the Non-U.S. Shareholder s tax basis in the shares, and then as capital gain. As discussed above, the Fund expects that only a portion of its distributions to its shareholders with respect to the shares will be treated as dividends for U.S. federal income tax purposes. To the extent that any distribution by the Fund is not treated as a dividend, such distribution will not be subject to withholding tax, unless the Fund is or has been a U.S. real property holding corporation, as defined below, at any time within the five-year period preceding the distribution or the Non-U.S. Shareholder s holding period, whichever is shorter, and the shares have ceased to be traded on an established securities market prior to the beginning of the calendar year in which the distribution occurs. Gain recognized by a Non-U.S. Shareholder as a consequence of a distribution by the Fund will not be subject to U.S. federal income tax, except as described below under Sale of Shares.

Sale of Shares. A Non-U.S. Shareholder generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange or other disposition of shares unless:

- the gain is effectively connected with a trade or business of the Non-U.S. Shareholder in the United States, subject to an applicable treaty providing otherwise, or

- the Fund is or has been a U.S. real property holding corporation, as defined below, at any time within the five-year period preceding the disposition or the Non-U.S. Shareholder s holding period, whichever is shorter, and the shares have ceased to be traded on an established securities market prior to the beginning of the calendar year in which the sale, exchange or other disposition occurs.

Generally, a corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests, as defined in the Code and applicable regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. The Fund may be, or may prior to a Non-U.S. Shareholder s disposition of shares become, a U.S. real property holding corporation.

Information Reporting and Backup Withholding. Information returns will be filed with the Internal Revenue Service in connection with payments of dividends and the proceeds from a sale or other disposition of shares. A Non-U.S. Shareholder may have to comply with certification procedures to establish that it is not a United States person in order to avoid information reporting and backup withholding tax requirements. The certification procedures required to claim a reduced rate of withholding under a treaty will satisfy the certification requirements necessary to avoid the backup withholding tax, as well. The amount of any backup withholding from a payment to a Non-U.S. Shareholder may entitle such holder to a refund, provided that the required information is furnished to the Internal Revenue Service.

UNDERWRITERS

Under the terms and subject to the conditions contained in the underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. Incorporated and Deutsche Bank Securities Inc. are acting as representatives, have severally agreed to purchase, and the Fund has agreed to sell to them, the number of common shares indicated below.

Name	Number of Common Shares
Morgan Stanley & Co. Incorporated	
Deutsche Bank Securities Inc.	
A.G. Edwards & Sons, Inc.	
RBC Capital Markets Corporation	
Ferris, Baker Watts, Incorporated	
Morgan Keegan & Company, Inc.	
Scotia Capital (USA) Inc.	
SMH Capital	
Southwest Securities, Inc.	
Stifel, Nicolaus & Company, Incorporated	
Wells Fargo Securities, LLC	
BB&T Capital Markets, a division of Scott & Stringfellow, Inc.	
E*TRADE Securities LLC	
Mesirow Financial, Inc.	
Wedbush Morgan Securities Inc.	
Total	

The underwriters are offering the common shares subject to their acceptance of the common shares from the Fund and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the common shares offered by this prospectus are subject to the approval of legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the common shares offered by this prospectus if any such common shares are taken. However, the underwriters are not required to take or pay for the common shares covered by the underwriters over-allotment option described below.

The underwriters initially propose to offer part of the common shares directly to the public at the initial offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ a share under the initial offering price. Any underwriter may allow, and such dealer may reallow, a concession not in excess of $ a share to the other underwriters or to certain dealers. After the initial offering of the common shares, the offering price and other selling terms may from time to time be varied by the representative. The underwriting discounts and commissions (sales load) of $0.90 a share are equal to 4.5% of the initial offering price. Investors must pay for any common shares purchased on or before , 2007.

The Fund has granted to the underwriters an option, exercisable for 45 days from the date of this prospectus, to purchase up to an aggregate of common shares at the initial offering price per common share listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the common shares offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to limited conditions, to purchase approximately the same percentage of the additional common shares as the number listed next to the underwriter s name in the preceding table bears to the total number of common shares listed next to the names of all underwriters in the preceding table. If the underwriters over-allotment option is exercised in full, the total price to the public would be $, the total underwriters discounts and commissions (sales load) would be $, the estimated offering expenses would be $ and the total proceeds to the Fund would be $.

The following table summarizes the estimated expenses and compensation that the Fund will pay:

	Per Share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Expenses payable by the Fund	$ 0.04	$ 0.04	$	$
Underwriters discounts and commissions (sales load)	$ 0.90	$ 0.90	$	$

The fees described below under Additional Compensation to Be Paid by the Investment Adviser are not reimbursable to the Investment Adviser by the Fund, and are therefore not reflected in expenses payable by the Fund in the table above.

Offering expenses paid by the Fund (other than underwriting discounts and commissions) will not exceed $0.04 a share sold by the Fund in this offering. If the offering expenses referred to in the preceding sentence exceed this amount, the Investment Adviser or an affiliate will pay the excess. The aggregate offering expenses (excluding underwriting discounts and commissions) are estimated to be $600,000 in total.

The underwriters have informed the Fund that they do not intend sales to discretionary accounts to exceed five percent of the total number of common shares offered by them.

In order to meet requirements for the New York Stock Exchange, the underwriters have undertaken to sell lots of 100 or more shares to a minimum of 2,000 beneficial owners. The minimum investment requirement is 100 common shares ($2,000).

The Fund intends to apply to have the common shares approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol SRV.

The Fund has agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated, on behalf of the underwriters, it will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any common shares or any securities convertible into or exercisable or exchangeable for common shares, or

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common shares,

whether any such transaction described above is to be settled by delivery of common shares or such other securities, in cash or otherwise; or file any registration statement with the SEC relating to the offering of any common shares or any securities convertible into or exercisable or exchangeable for common shares. This lock-up agreement will not apply to the common shares to be sold pursuant to the underwriting agreement or any common shares issued pursuant to the Fund s Dividend Reinvestment Plan.

In addition, certain officers of the Investment Adviser, including all of the Fund s officers and certain of the Fund s Trustees, are expected to purchase approximately of the Fund s common shares at the public offering price in this offering. Each of these individuals has agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated, on behalf of the underwriters, during the period ending 180 days after the date of this prospectus, he or she will be bound by lock-up restrictions similar to those described above binding the Fund.

In order to facilitate the offering of the common shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common shares. The underwriters currently expect to sell more common shares than they are obligated to purchase under the underwriting agreement, creating a short position in the common shares for their own account. A short sale is covered if the short position is no greater than the number of common shares available for purchase by the underwriters under the over-allotment option (exercisable for 45 days from the date of this prospectus). The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing common shares in the open market. In determining the source of common shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of the common shares compared to the price available under the over-allotment option. The underwriters may also sell common shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing common shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market after pricing that could adversely affect investors who purchase in the offering. As an additional means of facilitating the offering, the underwriters may bid for, and purchase, common shares in the open market to stabilize the price of the common shares. Finally, the underwriting syndicate may also reclaim selling concessions allowed to an underwriter or a dealer for distributing the common shares in the offering, if the syndicate repurchases previously distributed common shares in transactions to cover syndicate short positions or to stabilize the price of the common shares. Any of these activities may raise or maintain the market price of the common shares above independent market levels or prevent or retard a decline in the market price of the common shares. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Prior to this offering, there has been no public or private market for the common shares or any other securities of the Fund. Consequently, the offering price for the common shares was determined by negotiation among the Fund, the Investment Adviser and the representatives. There can be no assurance, however, that the price at which the common shares trade after this offering will not be lower than the price at which they are sold by the underwriters or that an active trading market in the common shares will develop and continue after this offering.

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

In connection with this offering, certain of the underwriters or selected dealers may distribute prospectuses electronically. The Fund, the Investment Adviser and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

The address of Morgan Stanley & Co. Incorporated is 1585 Broadway, New York, New York 10036. The address of Deutsche Bank Securities Inc. is 60 Wall St., New York, New York 10005.

Additional Compensation to Be Paid by the Investment Adviser

In connection with this transaction, Morgan Stanley & Co. Incorporated will be paid a marketing and structuring fee by the Investment Adviser (and not the Fund) equal to 1.25% of the aggregate price to the public of the common shares sold by Morgan Stanley & Co. Incorporated (including shares over-allotted regardless of whether the underwriters over-allotment option is exercised), and which will total $. In contrast to the underwriting discounts and commissions (earned under the underwriting agreement by the underwriting syndicate as a group), this marketing and structuring fee will be earned by and paid to Morgan Stanley & Co. Incorporated by the Investment Adviser for assistance to the Investment Adviser on the design and structuring of, and marketing assistance with respect to, the Fund and the distribution of its common shares. These services provided by Morgan Stanley & Co. Incorporated to the Investment Adviser are unrelated to the Investment Adviser s function of advising the Fund as to its investments in securities.

In no event will the Investment Adviser pay the underwriters as a group more than 1.25% of the aggregate price to the public of the common shares sold in this offering, including over-allotted shares.

OTHER SERVICE PROVIDERS

Computershare Inc. and its fully owned subsidiary Computershare Trust Company, N.A., which are located at 250 Royall Street, Canton, MA 02021, have entered into a transfer agency and service agreement with the Fund. Under this agreement, Computershare Trust Company, N.A. serves as the Fund s transfer agent, registrar and

Table of Contents

administrator of its dividend reinvestment plan, and Computershare Inc. serves as dividend disbursing agent and may act on behalf of Computershare Trust Company, N.A. in providing certain of the services covered by the agreement.

U.S. Bank National Association, which is located at 1555 N. Rivercenter Dr., Suite 302, Milwaukee, WI 53212, acts as custodian of the Fund s securities and other assets.

The Administrator acts as the Fund s fund accountant. The Administrator will assist in the calculation of the Fund s net asset value. The Administrator will also maintain and keep current the accounts, books, records and other documents relating to the Fund s financial and portfolio transactions.

CODES OF ETHICS

The Fund and the Investment Adviser have adopted codes of ethics under Rule 17j-1 of the 1940 Act. These codes permit personnel subject to the codes to invest in securities, including securities that may be purchased or held by the Fund. These codes of ethics can be reviewed and copied at the SEC s Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-551-8090. The codes of ethics are available on the EDGAR Database on the SEC s web site (http://www.sec.gov), and copies of these codes may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC s Public Reference Section, Washington, D.C. 20549-0102.

PROXY VOTING POLICY AND PROXY VOTING RECORD

The Board of Trustees of the Fund has delegated the voting of proxies for Fund securities to the Investment Adviser pursuant to the Investment Adviser s proxy voting policies and procedures. Under these policies and procedures, the Investment Adviser will vote proxies related to Fund securities in the best interests of the Fund and its shareholders. A copy of the Investment Adviser s proxy voting policies and procedures is attached as Appendix B to this prospectus.

LEGAL MATTERS

Certain legal matters in connection with the Fund s common shares will be passed upon for the Fund by Willkie Farr & Gallagher LLP, New York, New York, and for the underwriters by Davis Polk & Wardwell, New York, New York, and Andrews Kurth LLP, Dallas, Texas.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Fund has selected Deloitte & Touche LLP as its independent registered public accounting firm. Deloitte & Touche LLP s principal business address is located at 2200 Ross Avenue, Dallas, Texas 75201.

ADDITIONAL INFORMATION

The Fund is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and the 1940 Act and in accordance with those requirements is required to file reports, proxy statements and other information with the Securities and Exchange Commission. Any such reports and other information, including the Fund s Code of Ethics, can be inspected and copied at the Securities and Exchange Commission s Public Reference Room, Washington, D.C. 20549-0102. Information on the operation of such public reference facilities may be obtained by calling the Securities and Exchange Commission at (202) 551-8090. Copies of such materials can be obtained from the Securities and Exchange Commission s Public Reference Room, at prescribed rates, or by electronic request at publicinfo@sec.gov. The Securities and Exchange Commission maintains a website at www.sec.gov containing reports and information statements and other information regarding registrants, including the Fund, that file electronically with the Securities and Exchange Commission. Reports, proxy statements and other information concerning the Fund can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Additional information regarding the Fund is contained in the registration statement on Form N-2, including amendments, exhibits and schedules to the registration statement, relating to such shares filed by the Fund with the Securities and Exchange Commission in Washington, D.C. This prospectus does not contain all of the information set out in the registration statement, including any amendments, exhibits and schedules to the registration statement. For further information with respect to the Fund and the shares offered hereby, reference is made to the registration statement. Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by such reference. A copy of the registration statement may be inspected without charge at the Securities and Exchange Commission s principal office in Washington, D.C., and copies of all or any part of the registration statement may be obtained from the Securities and Exchange Commission upon the payment of certain fees prescribed by the Securities and Exchange Commission.

Table of Contents

REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

INDEPENDENT AUDITORS   REPORT

To the Board of Directors and Shareholder of
The Cushing MLP Total Return Fund:

We have audited the accompanying statement of assets and liabilities of The Cushing MLP Total Return Fund (the   Company   ) as of July 31, 2007. This financial statement is the responsibility of the Company   s management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company   s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Company as of July 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP
Dallas, Texas

August 22, 2007

Table of Contents

FINANCIAL STATEMENTS

THE CUSHING MLP TOTAL RETURN FUND
STATEMENT OF ASSETS AND LIABILITIES

July 31, 2007

Assets	
Cash	$ 100,000
Deferred offering costs	425,352
Total Assets	$ 525,352
Liabilities Accrued offering costs	$ 425,352
Net Assets	$ 100,000
Component of Net Assets	
Paid-in-capital	$ 100,000
Net Asset Value Per Share (5,000 shares issued and outstanding)	$ 20.00

See notes to financial statements

Table of Contents

THE CUSHING MLP TOTAL RETURN FUND
NOTES TO THE FINANCIAL STATEMENTS

As of July 31, 2007

1. Organization

The Cushing MLP Total Return Fund (the Company) was organized as a Delaware Statutory Trust on May 23, 2007 and is a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended. The Company seeks to provide its shareholders with a high after-tax return from a combination of capital appreciation and current income.

2. Significant Accounting Policies

Federal Income Taxes

The Company, which is taxed as a corporation, is obligated to pay federal and state income tax on its taxable income. The Company s tax expense or benefit will be included in the Statement of Operations based on the component of income or gains (losses) to which such expense or benefit relates. No tax expense or benefit was accrued as of July 31, 2007.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, recognition of distribution income and disclosure of contingent assets and liabilities at July 31, 2007. Actual results could differ from those estimates.

3. Investment Advisor

The Company has an Investment Management Agreement (the Agreement) with Swank Energy Income Advisors, LP (the Advisor). Pursuant to the Agreement, the Company has agreed to pay the Advisor a fee payable at the end of each calendar month, at an annual rate equal to 1.25% of the average weekly value of the Company s managed assets during such month.

The Advisor currently intends to reimburse the Company s expenses to the extent the total annual Company operating expenses, not including interest payments or other expenses on borrowed funds, exceeds 1.50% of average weekly managed assets. The reimbursement may be discontinued at any time.

Additionally, the Advisor has agreed to pay Company s organizational expenses of approximately $106,338.

APPENDIX A

RATINGS OF INVESTMENTS

S&P s Bond Ratings

AAA. Debt rated AAA had the highest rating assigned by S&P. Capacity to pay interest and repay principal is extremely strong.

AA. Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree.

A. Debt rated A has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

BBB. Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

BB, B, CCC, CC and C. Debt rated BB, B, CCC, CC and C is regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB indicates the lowest degree of speculation and C the highest degree of speculation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

CI. The rating CI is reserved for income bonds on which no interest is being paid.

D. Debt rated D is in default, and payment of interest and/or repayment of principal is in arrears.

Moody s Bond Ratings

AAA. Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as gilt-edge. Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa. Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long term risks appear somewhat larger than in Aaa securities.

A. Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa. Bonds which are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba. Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B. Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa. Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca. Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C. Bonds which are rated C are the lowest rated class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Fitch Long-Term Debt Ratings

AAA. Highest credit quality. AAA ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA. Very high credit quality. AA ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A. High credit quality. A ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

BBB. Good credit quality. BBB ratings indicate that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest investment-grade category.

BB. Speculative. BB ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.

B. Highly speculative. B ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.

CCC, CC, C. High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. A CC rating indicates that default of some kind appears probable. C ratings signal imminent default.

DDD, DD, D. Default. The ratings of obligations in this category are based on their prospects for achieving partial or full recovery in a reorganization or liquidation of the obligor. While expected recovery values are highly speculative and cannot be estimated with any precision, the following serve as general guidelines. DDD obligations have the highest potential for recovery, around 90%-100% of outstanding amounts and accrued interest. DD indicates potential recoveries in the range of 50%-90%, and D the lowest recovery potential, i.e., below 50%.

Entities rated in this category have defaulted on some or all of their obligations. Entities rated DDD have the highest prospect for resumption of performance or continued operation with or without a formal reorganization process. Entities rated DD and D are generally undergoing a formal reorganization or liquidation process; those rated DD are likely to satisfy a higher portion of their outstanding obligations, while entities rated D have a poor prospect for repaying all obligations.

Commercial Paper Ratings

Commercial paper rated by S&P has the following characteristics: Liquidity ratios are adequate to meet cash requirements. Long-term senior debt is rated A or better. The issuer has access to at least two additional channels of borrowing. Basic earnings and cash flow have an upward trend with allowance made for unusual circumstances. Typically, the issuer s industry is well established and the issuer has a strong position within the industry. The reliability and quality of management are unquestioned. Relative strength or weakness of the above factors determine whether the issuer s commercial paper is rated A-1 or A-2.

The ratings Prime-1 and Prime-2 are the two highest commercial paper ratings assigned by Moody s. Among the factors considered by it in assigning ratings are the following: (1) evaluation of the management of the issuer; (2) economic evaluation of the issuer s industry or industries and an appraisal of speculative-type risks which may be inherent in certain areas; (3) evaluation of the issuer s products in relation to competition and customer acceptance; (4) liquidity; (5) amount and quality of long-term debt; (6) trend of earnings over a period of ten years; (7) financial strength of a parent company and the relationships which exist with the issuer; and (8) recognition by the management of obligations which may be present or may arise as a result of public interest questions and preparations to meet such obligations. Relative strength or weakness of the above factors determines whether the issuer s commercial paper is rated Prime-1 or 2.

Table of Contents

APPENDIX B

PROXY VOTING POLICIES AND PROCEDURES
SWANK ENERGY INCOME ADVISORS, LP

Proxy Voting Policy

Swank Energy Income Advisors, LP (the *Investment Adviser*) serves as the investment adviser and general partner, respectively, of certain investment vehicles and other clients (each a *Client* and collectively, the *Clients*). Through these relationships the Investment Adviser is delegated the right to vote, on behalf of the Clients, proxies received from companies, the securities of which are owned by the Clients.

Purpose

The Investment Adviser follows this proxy voting policy (the *Policy*) to ensure that proxies the Investment Adviser votes, on behalf of each Client, are voted to further the best interest of that Client. The Policy establishes a mechanism to address any conflicts of interests between the Investment Adviser and the Client. Further, the Policy establishes how Clients may obtain information on how the proxies have been voted.

Determination of Vote

The Investment Adviser determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. The Investment Adviser votes in a manner that the Investment Adviser believes reasonably furthers the best interests of the Client and is consistent with the Investment Philosophy as set out in the relevant investment management documents.

The major proxy-related issues generally fall within five categories: corporate governance, takeover defenses, compensation plans, capital structure, and social responsibility. The Investment Adviser will cast votes for these matters on a case-by-case basis. The Investment Adviser will generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management s accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices.

Resolution of any Conflicts of Interest

If a proxy vote creates a material conflict between the interests of the Investment Adviser and a Client the Investment Adviser will resolve the conflict before voting the proxies. The Investment Adviser will either disclose the conflict to the Client and obtain a consent or take other steps designed to ensure that a decision to vote the proxy was based on the Investment Adviser s determination of the Client s best interest and was not the product of the conflict.

Records

The Investment Adviser maintains records of (i) all proxy statements and materials the Investment Adviser receives on behalf of Clients; (ii) all proxy votes that are made on behalf of the Clients; (iii) all documents that were material to a proxy vote; (iv) all written requests from Clients regarding voting history; and (v) all responses (written and oral) to Clients requests. Such records are available to the Clients (and owners of a Client that is an investment vehicle) upon request.

Questions and Requests

Clients may obtain, free of charge, a record of proxy votes. Any questions or requests should be directed to Jerry V. Swank at:

3300 Oak Lawn Ave
Suite 650
Dallas, Texas 75219
Telephone: (214) 692-6334
Facsimile: (214) 219-2353

Table of Contents

The Cushing MLP Total Return Fund

Until , 2007 (25 days after the commencement of this offering), all dealers that buy, sell or trade the common shares, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers obligation to deliver a prospectus when acting as underwriter and with respect to their unsold allotments or subscriptions.

PART C OTHER INFORMATION

Item 25. Financial Statements and Exhibits

(1) Financial Statements: Statement of assets and liabilities, dated as of July 31, 2007.

(2) Exhibits

(a) (1) Declaration of Trust previously filed as Exhibit (2)(a) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on May 25, 2007.*

(a) (2) Amended and Restated Agreement and Declaration of Trust previously filed as Exhibit (2)(a)(2) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(b) Amended and Restated By-laws of Registrant previously filed as Exhibit (2)(b) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(c) Voting Trust Agreement none.

(d) Shareholder Rights Instruments none.

(e) Form of Dividend Reinvestment Plan previously filed as Exhibit (2)(e) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on July 20, 2007.*

(f) Long-Term Debt Instruments none.

(g) Investment Management Agreement between Registrant and Swank Energy Income Advisors, LP previously filed as Exhibit (2)(g) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(h) Form of Underwriting Agreement between Registrant and Morgan Stanley & Co. Incorporated and Deutsche Bank Securities Inc. previously filed as Exhibit (2)(h) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(1) Form of Master Agreement Among Underwriters previously filed as Exhibit (2)(h)(1) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(2) Form of Master Dealer Agreement previously filed as Exhibit (2)(h)(2) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(3) Form of Marketing and Structuring Fee Agreement between the Investment Adviser and Morgan Stanley & Co. Incorporated previously filed as Exhibit (2)(h)(3) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(i) Bonus, Profit Sharing, Pension Plans not applicable.

(j) Custody Agreement previously filed as Exhibit (2)(j) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(k) Other Material Contracts

(1) Fund Administration Servicing Agreement previously filed as Exhibit (2)(k)(1) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(2) Transfer Agency and Service Agreement previously filed as Exhibit (2)(k)(2) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(3) Fund Accounting Servicing Agreement previously filed as Exhibit (2)(k)(3) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(4) Form of NYSE Listing Agreement previously filed as Exhibit (2)(k)(4) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(l) (1) Opinion and Consent of Willkie Farr & Gallagher LLP filed herewith.

(l) (2) Opinion and Consent of Morris, Nichols, Arsht & Tunnell LLP filed herewith.

(m) Non-Resident Officers/Trustees none.

(n) Other Opinions and Consents Consent of Deloitte and Touche LLP filed herewith.

(o) Omitted Financial Statements none.

(p) Purchase Agreement previously filed as Exhibit (2)(p) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007.*

(q) Model Retirement Plans none.

(r) Code of Ethics

(1) Amended Code of Ethics of Registrant and Swank Energy Income Advisors, LP filed herewith.

(s) Powers of attorney previously filed as Exhibit (2)(s) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on July 20, 2007.*

(1) Certified Resolutions filed herewith.

* Incorporated herein by reference.

Item 26. Marketing Arrangements

Reference is made to the form of underwriting agreement, previously filed as Exhibit (2)(h) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007, the form of master agreement among underwriters previously filed as Exhibit (2)(h)(1) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007, the form of master dealer agreement previously filed as Exhibit (2)(h)(2) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007, and the form of marketing and structuring fee agreement previously filed as Exhibit (2)(h)(3) to the Registration Statement of the Fund on Form N-2 (File Nos. 333-143305 and 811-22072) filed on August 23, 2007, each of which is incorporated by reference in the Registration Statement of the Fund.

Item 27. Other Expenses of Issuance and Distribution

The following table sets forth the estimated expenses to be incurred in connection with the offering described in this Registration Statement*:

Securities and Exchange Commission Registration Fees	5,000

National Association of Securities Dealers, Inc. Registration Fees	15,500
Printing and Engraving Expenses	700,000
Legal Fees	400,000
Listing Fees	20,000
Accounting Expenses	20,000
Miscellaneous Expenses	30,000
Total	$ 1,190,500

* As described in the Prospectus, the Investment Adviser has agreed to bear all organizational expenses of the Fund and offering expenses of the Fund that exceed $0.04 per share of beneficial interest of the Fund (other than the sales load).

Table of Contents

Item 28. Persons Controlled by or Under Common Control with Registrant

None.

Item 29. Number of Holders of Securities as of August 24, 2007

Title of Class	Number of Record Holders
Common Shares, $0.001 par value per share	1

Item 30. Indemnification

Article IV of the Registrant s Agreement and Declaration of Trust provides as follows:

Section 2. *Limitation of Liability.* All persons contracting with or having any claim against the Trust or a particular Series will look only to the assets of the Trust or, as applicable, all Series or such particular Series for payment under such contract or claim; and neither the Trustees nor, when acting in such capacity, any of the Trust s officers, employees or agents, whether past, present or future, will be personally liable therefor. Every written instrument or obligation on behalf of the Trust or any Series will contain a statement to the foregoing effect, but the absence of such statement will not operate to make any Trustee or officer of the Trust liable thereunder. Provided they have exercised reasonable care and have acted under the reasonable belief that their actions are in the best interest of the Trust, the Trustees and officers of the Trust will not be responsible or liable for any act or omission or for neglect or wrongdoing of them or any officer, agent, employee, investment adviser or independent contractor of the Trust, but nothing contained in this Declaration or in the Delaware Act will protect any Trustee or officer of the Trust against liability to the Trust or to Shareholders to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office.

Section 3. *Indemnification.* (a) Subject to the exceptions and limitations contained in subsection (b) below: every person who is, or has been, a Trustee or an officer, employee or agent of the Trust (including any individual who serves at its request as director, officer, partner, employee, trustee, agent or the like of another organization in which it has any interest as a shareholder, creditor or otherwise) (Covered Person) will be indemnified by the Trust or the appropriate Series to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been a Covered Person and against amounts paid or incurred by him in the settlement thereof; and as used herein, the words claim, action, suit, or proceeding will apply to all claims, actions, suits or proceedings (civil, criminal, administrative, investigative, arbitration or other, including appeals), actual or threatened, and the words liability and expenses will include, without limitation, attorneys fees, costs, judgments, amounts paid in settlement, fines, penalties and other liabilities.

(b) No indemnification will be provided hereunder to a Covered Person: (i) who will have been adjudicated by a court or body before which the proceeding was brought (A) to be liable to the Trust or its Shareholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office, or (B) not to have acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Trust; or (ii) in the event of a settlement, unless there has been a determination that such Covered Person did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office; (A) by the court or other body approving the settlement; (B) by at least a majority of those Trustees who are neither Interested Persons of the Trust nor are parties to the matter based upon a review of readily available facts (as opposed to a full trial-type inquiry); (C) by written opinion of independent legal counsel based upon a review of readily available facts (as opposed to a full trial-type inquiry) or (D) by a vote of a majority of the Outstanding Shares entitled to vote (excluding any Outstanding Shares owned of record or beneficially by such individual).

(c) The rights of indemnification herein provided may be insured against by policies maintained by the Trust, will be severable, will not be exclusive of or affect any other rights to which any Covered Person may now or hereafter be entitled, and will inure to the benefit of the heirs, executors and administrators of a Covered Person.

(d) To the maximum extent permitted by applicable law, expenses in connection with the preparation and presentation of a defense to any claim, action, suit or proceeding of the character described in subsection (a) of this Section may be paid by the Trust or applicable Series from time to time prior to final disposition thereof upon receipt of an undertaking by or on behalf of such Covered Person that such amount will be paid over by him to the Trust or applicable Series if it is ultimately determined that he is not entitled to indemnification under this Section; provided, however, that either (i) such Covered Person will have provided appropriate security for such undertaking, (ii) the Trust is insured against losses arising out of any such advance payments or (iii) either a majority of a quorum of the Trustees who are neither Interested Persons of the Trust nor parties to the matter, or independent legal counsel in a written opinion, will have determined, based upon a review of readily available facts (as opposed to a full trial-type inquiry) that there is reason to believe that such Covered Person will not be disqualified from indemnification under this Section. Independent counsel retained for the purpose of rendering an opinion regarding advancement of expenses and/or a majority of a quorum of the Trustees who are neither Interested Persons of the Trust nor parties to the matter, may proceed under a rebuttable presumption that the Covered Person has not engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of the Covered Person s duties to the Trust and were based on the Covered Person s determination that those actions were in the best interests of the Trust and its Shareholders; provided that the Covered Person is not an Interested Person (or is an Interested Person solely by reason of being an officer of the Trust).

(e) Any repeal or modification of this Article IV by the Shareholders, or adoption or modification of any other provision of the Declaration or By-Laws inconsistent with this Article, will be prospective only, to the extent that such repeal, or modification would, if applied retrospectively, adversely affect any limitation on the liability of any Covered Person or indemnification available to any Covered Person with respect to any act or omission which occurred prior to such repeal, modification or adoption. Any such repeal or modification by the Shareholders will require a vote of at least two-thirds of the Outstanding Shares entitled to vote and present in person or by proxy at any meeting of the Shareholders.

Section 4. *Indemnification of Shareholders.* (a) If any Shareholder or former Shareholder of the Trust (as opposed to a Shareholder or former Shareholder of any Series) will be held personally liable solely by reason of his being or having been a Shareholder and not because of his acts or omissions or for some other reason, the Shareholder or former Shareholder (or his heirs, executors, administrators or other legal representatives or in the case of any entity, its general successor) will be entitled out of the assets belonging to the Trust to be held harmless from and indemnified against all loss and expense arising from such liability. The Trust will, upon request by such Shareholder, assume the defense of any claim made against such Shareholder for any act or obligation of the Trust and satisfy any judgment thereon from the assets of the Series.

(b) If any Shareholder or former Shareholder of any Series will be held personally liable solely by reason of his being or having been a Shareholder and not because of his acts or omissions or for some other reason, the Shareholder or former Shareholder (or his heirs, executors, administrators or other legal representatives or in the case of any entity, its general successor) will be entitled out of the assets belonging to the applicable Series to be held harmless from and indemnified against all loss and expense arising from such liability. The Trust, on behalf of the affected Series, will, upon request by such Shareholder, assume the defense of any claim made against such Shareholder for any act or obligation of the Series and satisfy any judgment thereon from the assets of the Series.

Section 5. *No Bond Required of Trustees.* No Trustee will be obligated to give any bond or other security for the performance of any of his duties hereunder.

Section 6. *No Duty of Investigation; Notice in Trust Instruments, Etc.* No purchaser, lender, transfer agent or other Person dealing with the Trustees or any officer, employee or agent of the Trust or a Series thereof will be bound to make any inquiry concerning the validity of any transaction purporting to be made by the Trustees or by said officer, employee or agent or be liable for the application of money or property paid, loaned, or delivered to or on the order of the Trustees or of said officer, employee or agent. Every obligation, contract, instrument, certificate, Share, other security of the Trust or a Series thereof or undertaking, and every other act or thing whatsoever executed in connection with the Trust will be conclusively presumed to have been executed or done by the executors thereof only in their capacity as Trustees under this Declaration or in their capacity as officers, employees or agents of the Trust or a Series thereof. Every written obligation, contract, instrument, certificate, Share, other security of the Trust or a Series thereof or undertaking made or issued by the Trustees may recite that the same is executed or made by them not individually, but as Trustees under the Declaration, and that the obligations of the Trust or a Series thereof under any such instrument are not binding upon any of the Trustees or Shareholders individually, but bind only the Trust Property or the Trust Property of the applicable Series, and may contain any further recital which they may deem appropriate, but the omission of such recital will not operate to bind the Trustees individually. The Trustees may maintain insurance for the protection of the Trust Property or the Trust Property of the applicable Series, its Shareholders, Trustees, officers, employees and agents in such amount as the Trustees will deem adequate to cover possible tort liability, and such other insurance as the Trustees in their sole judgment will deem advisable.

Section 7. *Reliance on Experts, Etc.* Each Trustee, officer or employee of the Trust or a Series thereof will, in the performance of his duties, powers and discretions hereunder be fully and completely justified and protected with regard to any act or any failure to act resulting from reliance in good faith upon the books of account or other records of the Trust or a Series thereof, upon an opinion of counsel, or upon reports made to the Trust or a Series thereof by any of its officers or employees or by the Investment Adviser, the Administrator, the Distributor, the Principal Underwriter, Transfer Agent, selected dealers, accountants, appraisers or other experts or consultants selected with reasonable care by the Trustees, officers or employees of the Trust, regardless of whether such counsel or expert may also be a Trustee.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, may be permitted to trustees, officers and controlling persons of the Fund, pursuant to the foregoing provisions or otherwise, the Fund has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Fund of expenses incurred or paid by a trustee, officer or controlling person of the Fund in the successful defense of any action, suit or proceeding) is asserted by such trustee, officer or controlling person in connection with the securities being registered, the Fund will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue. Reference is made to Section 8 of the form of underwriting agreement attached as Exhibit (h), which is incorporated herein by reference and discusses the rights, responsibilities and limitations with respect to indemnity and contribution.

Item 31. Business and Other Connections of Investment Adviser

None.

Item 32. Location of Accounts and Records

The accounts, books or other documents required to be maintained by Section 31(a) of the 1940 Act, and the rules promulgated under the 1940 Act, are kept by the Registrant or its custodian, transfer agent, administrator and fund accountant.

Item 33. Management Services

None.

Item 34. Undertakings

(1) Registrant undertakes to suspend the offering of its common shares until it amends the prospectus filed herewith if (1) subsequent to the effective date of its registration statement, the net asset value of the Fund declines more than

10 percent from the net asset value of the Fund as of the effective date of the registration statement, or (2) the net asset value of the Fund increases to an amount greater than its net proceeds as stated in the prospectus.

(2) Not Applicable.

(3) Not Applicable.

(4) (a)-(c) Not Applicable.

Table of Contents

(d) For the purpose of determining liability of the Registrant under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 497(b), (c), (d) or (e) under the Securities Act as part of a registration statement relating to an offering, other than prospectuses filed in reliance on Rule 430A under the Securities Act, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; *provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(e) For the purpose of determining liability of the undersigned Registrant under the Securities Act to any purchaser in the initial distribution of securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to the purchaser:

(1) any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 497 under the Securities Act;

(2) the portion of any advertisement pursuant to Rule 482 under the Securities Act relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

(3) any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

(5) Registrant undertakes that:

(a) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant under Rule 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(b) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

(6) Not applicable.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, the Registrant has duly caused this Pre-Effective Amendment No. 4 to its Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, and the State of Texas, on the 24th day of August, 2007.

THE CUSHING MLP
TOTAL RETURN FUND

By: /s/ Mark W. Fordyce

Mark W. Fordyce
President, Treasurer, Secretary, Chief Financial Officer and Principal Accounting Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated on the 24th day of August, 2007:

Signature	Title
/s/ Brian R. Bruce* Brian R. Bruce	Trustee
/s/ Edward N. McMillan* Edward N. McMillan	Trustee
/s/ Jerry V. Swank* Jerry V. Swank	Trustee, President and Chief Executive Officer
/s/ Ronald P. Trout* Ronald P. Trout	Trustee
/s/ Mark W. Fordyce Mark W. Fordyce	Treasurer, Secretary, Chief Financial Officer and Principal Accounting Officer

*By: /s/ Mark W. Fordyce

Mark W. Fordyce
As Attorney-In-Fact**

** Pursuant to power of attorney contained in and incorporated by reference in this Pre-Effective Amendment No. 4 to the registration statement.

Table of Contents

INDEX TO EXHIBITS

Exhibit	Exhibit Name
(2)(l)(1)	Opinion and Consent of Willkie Farr & Gallagher LLP
(2)(l)(2)	Opinion and Consent of Morris, Nichols, Arsht & Tunnell LLP
(2)(n)	Consent of Deloitte and Touche LLP
(2)(r)(1)	Amended Code of Ethics of Registrant and Code of Ethics of Swank Energy Income Advisors, LP
(2)(s)(1)	Certified Resolutions