Cushing MLP Total Return Fund
Form N-CSR
February 05, 2018

**As filed with the Securities and Exchange Commission on February 5, 2018**

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

# FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANIES**

**Investment Company Act file number 811-22072**

**The Cushing MLP Total Return Fund**

**(Exact name of registrant as specified in charter)**

**8117 Preston Road, Suite 440, Dallas, TX 75225**

**(Address of principal executive offices) (Zip code)**

**Jerry V. Swank**

**8117 Preston Road, Suite 440, Dallas, TX 75225**

**(Name and address of agent for service)**

**214-692-6334**

**(Registrant s telephone number, including area code)**

**Date of fiscal year end: November 30, 2017**

**Date of reporting period: November 30, 2017**

**Item 1. Reports to Stockholders.**

**Annual Report**

November 30, 2017

# THE CUSHING® MLP TOTAL RETURN FUND

**Investment Adviser**

Cushing® Asset Management, LP

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**Table of Contents**

The Cushing® MLP Total Return Fund

# Shareholder Letter

**The Cushing® MLP Total Return Fund**

Dear Fellow Shareholder,

For the twelve month fiscal period ended November 30, 2017 (the period ), the Cushing MLP Total Return Fund (the Fund ) delivered a Net Asset Value Total Return (equal to the change in net asset value per share plus the reinvested cash distribution paid during the period) of -11.8%, versus a total return of 22.9% for the S&P 500 Index (Total Return). The Fund s Share Price Total Return (equal to the change in net share price per share plus the reinvested cash distribution paid during the period) was -8.1%, for the fiscal period and differs from the Net Asset Value Total Return due to fluctuations in the discount of share price to NAV. The Fund s shares traded at a 10.8% discount to NAV as of the end of the period, compared to a 14.5% discount as of the end of the Fund s last fiscal year. As measured by the Alerian MLP Index (Total Return) (AMZ), the performance of master limited partnerships (MLPs) decreased -6.8% for the period.

***Industry Overview and Themes***

Energy commodity prices and the equities of midstream master limited partnerships ( MLPs ) initially benefited early in the period from favorable production curtailments agreed to by certain OPEC and non-OPEC nations (the OPEC Agreement ) as well as indications that the newly-elected U.S. President would increase infrastructure spending and reduce federal regulations. However, investor sentiment in energy-related equities (including those held by the Fund) progressively worsened during the period driving lackluster sector performance. Despite the subsequent recovery in crude oil prices beginning in June 2017, the midstream MLP sector, as measured by performance of the AMZ, continued to slide to new lows in November. While the space recovered somewhat towards the end of the fiscal period, we remain frustrated and perplexed by the midstream MLP sector s performance given the improving macro backdrop and attractive sector valuations. Frustratingly, MLPs traded below relative low levels experienced by the sector in February 2016, when crude oil prices fell to $26 per barrel.

Fundamentals for the midstream energy sector continued to improve during the period with increasing energy commodity prices driving higher rig counts, improving volume projections and new capital project announcements. However, several factors weighed on investor sentiment and created headwinds for performance including: 1) concerns over capital discipline and project returns in the energy sector and MLPs specifically; 2) related fears of increasing competitive forces (particularly in the Permian Basin) driven by significant new project proposals and competition from private equity; 3) another round of distribution reductions by several midstream companies; 4) concerns over corporate governance and limited partner unitholder rights following a number of adverse corporate actions; 5) the cost of capital burden imposed by incentive distribution rights (IDRs) given lower sector growth; and 6) MLP equity issuance in the face of anemic MLP-focused product fund flows. Other factors that contributed to negative sentiment at various times during the period but the impacts of which were subsequently abated or mitigated included: 1) continued crude oil price volatility; 2) uncertainty regarding the exit strategy related to the OPEC Agreement; 3) continued elevated domestic crude oil inventories weighing on crude oil prices; 4) ongoing regulatory and environmental pressure; and 5) lack of conviction in the U.S. federal government s ability to execute on the aforementioned pro-business and pro-energy company agenda.

Having said that, we believe the sector is actively addressing the concerns around corporate structure noted above and thus our outlook for midstream MLPs remains constructive, especially given the improving fundamental backdrop for energy. Several drivers of our positive outlook include: 1) improving fundamentals as U.S. shale producers have increased drilling activity (higher rig counts) and production which should lead to growing midstream system volumes; 2) record export volumes of U.S. produced hydrocarbons; 3) midstream company valuations that currently screen attractive relative to historical levels and compared to other energy subsectors and yield products, in our opinion; 4) crude oil macro supply and demand fundamentals appear more constructive globally; and 5) in general, midstream company balance sheets, leverage and coverage ratios appear to be improving.

***Fund Performance and Strategy***

Turning to the Fund s performance for the period, the Fund incrementally benefited from its exposure to Large Cap Diversified, Natural Gas Transportation and Storage and YieldCo s, but performance was negatively impacted by exposure to Natural Gas Gatherers and Processors and General Partners. In addition, Fund performance was negatively impacted by the use of leverage, which averaged approximately 144% for the period. During the period, the Fund increased holdings in Large Cap Diversified, Natural Gas Gathering and Transportation and General Partners and decreased holdings in Crude Oil and Refined Products and Natural Gas Transportation subsectors. The Fund added a position in the YieldCo subsector, which is comprised primarily of solar and wind energy companies. Companies within this subsector own and operate solar and wind generation facilities back by long term contracts that are designed to produce stable secure cash flow streams.

The Fund was positively impacted by the performance of holdings in the Natural Transportation and Storage, Marine and YieldCo subsectors. The Fund s holdings in the Natural Gas Transportation and Storage subsector performed well due to their relatively conservative capitalization, strong cash flow and distribution growth, and limited association with the crude oil volatility experience during the period. The Marine subsector benefitted from a favorable Liquefied Natural Gas ( LNG ) environment and the YieldCo sector performed well due to increased demand for solar and wind facilities and continued reduction in the cost of renewable energy.

The Fund was most negatively impacted by the performance of holdings in the Crude Oil and Refined Products, Natural Gas Gathering and Processing and General Partner MLP subsectors. Performance of all three subsectors was negatively impacted by distribution reductions, capital market weakness and concerns regarding the availability and costs of financing future growth capital expenditures.

On a stock specific basis, the top three contributors to the Fund s performance during the reporting period were, in order of greatest contribution to least: 1) Dominion Energy Midstream Partners, LP (NYSE: DM), a Natural Gas Transportation and Storage MLP; 2) Oneok Partners, LP (NYSE: OKS), a Large Cap Diversified MLP; and 3) MPLX, LP (NYSE: MPLX), a Large Cap Diversified MLP. DM benefited from its addition to the Alerian MLP Infrastructure Index ( AMZI ) and solid operating results. OKS performance was driven by the consolidation transaction with its parent, ONEOK, Inc. (NYSE: OKE) and its exposure to the SCOOP/STACK basin in Oklahoma. MPLX enjoyed momentum from a series of strong earnings reports and the announcement of a planned buy-out of its IDRs. All three of these holdings had positive absolute performance during the period.

The bottom three contributors to performance during the reporting period, in order of the most negative performance to the least negative performance, were: 1) Energy Transfer Partners, L.P. (NYSE: ETP), a Large Cap Diversified MLP; 2) Plains All American Pipeline, LP (NYSE: PAA), a Large Cap Diversified MLP; and 3) Western Gas Partners, LP (NYSE: WES), a Gatherer and Processor MLP. ETP suffered from a number of external and self-inflicted factors including project and regulatory challenges along with a large equity offering in August of 2017. PAA was negatively impacted by persistently weaker than expected earnings results and the eventual reduction of its distribution for the second time. WES was negatively impacted after several high-growth Permian Basin exploration & production operators guided to a slower production trajectory.

From a subsector exposure level, the Fund s weightings in Large Cap Diversified, Natural Gas Gathering and Transportation and General Partners increased during the period. The Fund s exposure to the Crude Oil and Refined Products and Natural Gas Transportation subsectors were reduced. At the end of the reporting period, the three largest subsector exposures, in order of size, were: 1) Large Cap Diversified; 2) Natural Gas Gathering & Processing; and 3) Crude Oil & Refined Products.

***Leverage***

The Fund s investment strategy focuses on holding core positions in companies with cash flow generating business models and long-term growth prospects. We also work diligently to optimize the use of leverage for additional income and total return potential. This involves leveraging investments when the probabilities of positive total return are deemed to be skewed favorably. As the prices of the Fund s investment increase or decline, there is a risk that the impact to the Fund s NAV and total return will be negatively impacted by leverage, but this strategy is designed to have a positive impact over the longer term. At the end of the period, the Fund had a leverage ratio of approximately 144%, which compares to an average 146% leverage ratio in the prior fiscal year. Leverage was increased compared with the previous year given our positive outlook for the energy sector during the period. Fund performance was negatively impacted by the use of leverage during the period.

***Closing***

In conclusion, even though midstream energy sector performance and sentiment remained challenged during the period, we maintain a positive outlook given our expectation for improving hydrocarbon volumes, relatively attractive sector valuations and recovering global crude oil supply / demand fundamentals. We remain confident that North American shale basins will be developed over time and that midstream infrastructure will be well utilized given the need to move production to market.

We truly appreciate your support, and look forward to continuing to help you achieve your investment goals.

Sincerely,

Jerry V. Swank

Chairman, Chief Executive Officer and President

**The information provided herein represents the opinion of the Fund s portfolio managers and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice. The opinions expressed are as of the date of this report and are subject to change.**

**The information in this report is not a complete analysis of every aspect of any market, sector, industry, security or the Fund itself. Statements of fact are from sources considered reliable, but the Fund makes no representation or warranty as to their completeness or accuracy. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. Please refer to the Schedule of Investments for a complete list of Fund holdings.**

**Past performance does not guarantee future results. Investment return, net asset value and common share market price will fluctuate so that you may have a gain or loss when you sell shares. Since the Fund is a closed-end management investment company, shares of the Fund may trade at a discount or premium from net asset value. This characteristic is separate and distinct from the risk that net asset value could decrease as a result of investment activities and may be a greater risk to investors expecting to sell their shares after a short time. The Fund cannot predict whether shares will trade at, above or below net asset value. The Fund should not be viewed as a vehicle for trading purposes. It is designed primarily for risk-tolerant long-term investors.**

**An investment in the Fund involves risks. Leverage creates risks which may adversely affect returns, including the likelihood of greater volatility of net asset value and market price of the Fund s common shares. The Fund is nondiversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund.**

**The Fund will invest in energy companies, including Master Limited Partnerships (MLPs), which concentrate investments in the natural resources sector. Energy companies are subject to certain risks, including, but not limited to the following: fluctuations in the prices of commodities; the highly cyclical nature of the natural resources sector may adversely affect the earnings or operating cash flows of the companies in which the Fund will invest; a significant decrease in the production of energy commodities could reduce the revenue, operating income, operating cash flows of MLPs and other natural resources sector companies and, therefore, their ability to make distributions or pay dividends and a sustained decline in demand for energy commodities could adversely affect the revenues and cash flows of energy companies. Holders of MLP units are subject to certain risks inherent in the structure of MLPs, including tax risks; the limited ability to elect or remove management or the general partner or managing member; limited voting rights and 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. Damage to facilities and infrastructure of MLPs may significantly affect the value of an investment and may incur environmental costs and liabilities due to the nature of their business. Investors in MLP funds incur management fees from underlying MLP investments. Small- and mid-cap stocks are often more volatile and less liquid than large-cap stocks. Smaller companies generally face higher risks due to their limited product lines, markets, and financial resources. Funds that invest in bonds are subject to interest-rate risk and can lose principal value when interest rates rise. Bonds are also subject to credit risk, in which the bond issuer may fail to pay interest and principal in a timely manner. High yield securities have speculative characteristics and present a greater risk of loss than higher quality debt securities. These securities can also be subject to greater price volatility. An investment in the Fund will involve tax risks, including, but not limited to: The portion, if any, of a distribution received by the Fund as the holder of an MLP equity security that is offset by the MLP s tax deductions or losses generally will be treated as a return of capital to the extent of the Fund s tax basis in the MLP equity security, which will cause income or gain to be higher, or losses to be lower, upon the sale of the MLP security by the Fund. Changes in tax laws, regulations or interpretations of those laws or regulations in the future could adversely affect the Fund or the energy companies in which the Fund will invest.**

**The Fund is organized as a C corporation and is subject to U.S. federal income tax on its taxable income at the corporate tax rate as well as state and local income taxes. The potential tax benefits of investing in MLPs depend on them being treated as partnerships for federal income tax purposes. If the MLP is deemed to be a corporation then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the Fund which could result in a reduction of the Fund s value.**

**The Fund incurs operating expenses, including advisory fees, as well as leverage costs. Investment returns for the Fund are shown net of fees and expenses.**

**The Fund accrues deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments. This deferred tax liability is reflected in the daily NAV and as a result the Fund s after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked.**

**Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security. Please refer to the Schedule of Investments for a complete list of Fund holdings.**

**The S&P 500 Index is an unmanaged index of common stocks that is frequently used as a general measure of stock market performance. The Alerian MLP Index is a capitalization-weighted index of the most prominent energy master limited partnerships. Neither index includes fees or expenses. It is not possible to invest directly in an index.**

The Cushing® MLP Total Return Fund

# Allocation of Portfolio Assets[(1)] (Unaudited)

November 30, 2017

(Expressed as a Percentage of Total Investments)

(1) Fund holdings and sector allocations are subject to change and there is no assurance that the Fund will continue to hold any particular security.
(2) Master Limited Partnerships and Related Companies
(3) Common Stock
(4) Senior Notes

The Cushing® MLP Total Return Fund

# Key Financial Data (Supplemental Unaudited Information)

*The Information presented below regarding Distributable Cash Flow is supplemental non-GAAP financial information, which we believe is meaningful to understanding our operating performance. Supplemental non-GAAP measures should be read in conjunction with our full financial statements.*

| | Fiscal Year Ended 11/30/17 | Fiscal Year Ended 11/30/16 | Fiscal Year Ended 11/30/15 | Fiscal Year Ended 11/30/14 [(a)] | Fiscal Year Ended 11/30/13 [(a)] |
|---|---|---|---|---|---|
| **FINANCIAL DATA** | | | | | |
| Total income from investments | | | | | |
| Distributions and dividends received, net of foreign taxes withheld | $ 9,481,830 | $ 9,454,162 | $ 13,068,439 | $ 26,986,074 | $ 27,806,587 |
| Interest | 15,536 | 68,490 | 333,901 | 488,952 | 669,582 |
| Other | 1,093 | 27,378 | 80,169 | 198,333 | 798,964 |
| Total income from investments | $ 9,498,459 | $ 9,550,030 | $ 13,482,509 | $ 27,673,359 | $ 29,275,133 |
| Adviser fee and operating expenses | | | | | |
| Adviser fees, less reimbursement by Adviser | $ 1,362,722 | $ 1,009,528 | $ 1,899,225 | $ 4,314,026 | $ 3,862,641 |
| Operating expenses [(b)] | 565,496 | 671,117 | 895,481 | 1,127,724 | 686,943 |
| Interest and dividends | 1,028,222 | 907,714 | 1,447,431 | 1,264,615 | 552,890 |
| Other | 0 | 1,097 | 124,456 | 112,527 | 8,116 |
| Total Adviser fees and operating expenses | $ 2,956,440 | $ 2,589,456 | $ 4,366,593 | $ 6,818,892 | $ 5,110,590 |
| Distributable Cash Flow (DCF) [(c)] | $ 6,542,019 | $ 6,960,574 | $ 9,115,916 | $ 20,854,467 | $ 24,164,543 |
| Distributions paid on common stock | $ 7,293,250 | $ 7,273,047 | $ 14,873,359 | $ 30,182,347 | $ 30,006,331 |
| Distributions paid on common stock per share | $ 1.08 | $ 1.08 | $ 2.21 | $ 4.50 | $ 4.50 |
| Distribution Coverage Ratio | | | | | |
| Before Adviser fee and operating expenses | 1.3 x | 1.3 x | 0.9 x | 0.9 x | 1.0 x |
| After Adviser fee and operating expenses | 0.9 x | 1.0 x | 0.6 x | 0.7 x | 0.8 x |
| **OTHER FUND DATA (end of period)** | | | | | |
| Total Assets, end of period | 114,917,830 | 149,772,615 | 138,132,445 | 326,002,305 | 329,717,559 |
| Unrealized appreciation (depreciation) | (5,855,903) | 21,588,546 | (30,615,651) | (8,126,321) | 17,896,838 |
| Short-term borrowings | 33,650,000 | 49,454,119 | 43,368,787 | 95,547,072 | 72,950,000 |
| Short-term borrowings as a percent of total assets | 29% | 33% | 31% | 29% | 22% |
| Net Assets, end of period | 81,002,320 | 99,969,625 | 92,650,518 | 199,847,099 | 233,619,616 |
| Net Asset Value per common share | $ 12.03 | $ 14.84 | $ 13.76 | $ 29.70 | $ 34.90 |
| Market Value per share | $ 10.73 | $ 12.69 | $ 12.02 | $ 40.50 | $ 40.45 |
| Market Capitalization | $ 72,259,060 | $ 85,458,292 | $ 80,946,310 | $ 272,396,066 | $ 270,839,382 |
| Shares Outstanding | 6,734,302 | 6,734,302 | 6,734,302 | 6,725,829 | 6,695,658 |

[(a)] Per share data adjusted for 1:5 reverse stock split completed as of September 14, 2015.

[(b)] Excludes expenses related to capital raising.

[(c)] Net Investment Income (Loss), before Income Taxes on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow: increased by the return of capital on MLP distributions.

The Cushing® MLP Total Return Fund

**Schedule of Investments** **November 30, 2017**

| **Common Stock 20.8%** | **Shares** | **Fair Value** |
|---|---|---|
| **Diversified General Partners 0.9%** | | |
| **United States 0.9%** | | |
| SemGroup Corporation[(1)] | 30,285 | $ 726,840 |
| **General Partners 19.9%** | | |
| **United States 19.9%** | | |
| EnLink Midstream, LLC[(1)] | 102,050 | 1,704,235 |
| ONEOK, Inc.[(1)] | 120,373 | 6,247,359 |
| Targa Resources Corporation[(1)] | 136,750 | 5,934,950 |
| Williams Companies, Inc. | 77,200 | 2,242,660 |
| | | 16,129,204 |
| Total Common Stocks (Cost $17,466,578) | | $ 16,856,044 |

| **MLP Investments and Related Companies 118.0%** | **Units** | **Fair Value** |
|---|---|---|
| **Crude Oil & Refined Products 18.6%** | | |
| **United States 18.6%** | | |
| Buckeye Partners, L.P.[(1)] | 33,900 | $ 1,557,027 |
| Genesis Energy, L.P. | 22,200 | 476,634 |
| MPLX, L.P.[(1)] | 201,534 | 7,227,009 |
| Phillips 66 Partners, L.P.[(1)] | 82,100 | 3,847,206 |
| Shell Midstream Partners, L.P.[(1)] | 71,650 | 1,938,133 |
| | | 15,046,009 |
| **General Partners 10.9%** | | |
| **United States 10.9%** | | |
| Energy Transfer Equity, L.P.[(1)] | 240,950 | 3,903,390 |
| Energy Transfer Equity, L.P.[(2)] | 50,000 | 810,000 |
| EQT GP Holdings, L.P. | 30,000 | 767,100 |
| Plains GP Holdings, L.P. | 65,100 | 1,340,409 |
| Western Gas Equity Partners, L.P.[(1)] | 57,500 | 2,052,750 |
| | | 8,873,649 |
| **Large Cap Diversified 37.4%** | | |
| **United States 37.4%** | | |
| Energy Transfer Partners, L.P.[(1)] | 445,051 | 7,392,289 |
| Enterprise Products Partners, L.P.[(1)] | 324,150 | 7,983,814 |
| Magellan Midstream Partners, L.P.[(1)] | 83,500 | 5,594,500 |
| Plains All American Pipeline, L.P. | 160,000 | 3,120,000 |
| Williams Partners, L.P.[(1)] | 168,700 | 6,191,290 |

| | | |
|---|---|---|
| | | 30,281,893 |
| **Natural Gas Gatherers & Processors 27.5%** | | |
| **United States 27.5%** | | |
| Antero Midstream Partners, L.P.[1] | 56,600 | 1,559,330 |
| DCP Midstream Partners, L.P.[1] | 127,100 | 4,466,294 |
| Enable Midstream Partners, L.P.[1] | 269,100 | 4,031,118 |
| EnLink Midstream Partners, L.P.[1] | 345,650 | 5,526,943 |
| Rice Midstream Partners, L.P. | 49,900 | 1,039,417 |
| Western Gas Partners, L.P.[1] | 127,300 | 5,705,586 |
| | | 22,328,688 |
| **Natural Gas Transportation & Storage 15.5%** | | |
| **United States 15.5%** | | |
| Dominion Energy Midstream Partners, L.P.[1] | 94,352 | 3,033,417 |
| EQT Midstream Partners, L.P.[1] | 53,600 | 3,678,032 |
| Spectra Energy Partners, L.P.[1] | 64,800 | 2,651,616 |
| Tallgrass Energy Partners, L.P.[1] | 73,050 | 3,208,356 |
| | | 12,571,421 |

See Accompanying Notes to the Financial Statements.

The Cushing® MLP Total Return Fund

**Schedule of Investments** **November 30, 2017 (Continued)**

| **MLP Investments and Related Companies (Continued)** | **Units** | **Fair Value** |
|---|---|---|
| **Shipping 3.9%** | | |
| **Republic of the Marshall Islands 2.2%** | | |
| GasLog Partners, L.P. | 80,900 | $ 1,787,890 |
| | | |
| **United States 1.7%** | | |
| Cheniere Energy Partners, L.P.[1] | 50,000 | 1,345,500 |
| | | |
| | | 3,133,390 |
| | | |
| **Yield 4.2%** | | |
| **United States 4.2%** | | |
| NextEra Energy Partners, L.P. | 87,050 | 3,397,562 |
| | | |
| Total MLP Investments and Related Companies (Cost $100,694,884) | | $ 95,632,612 |

| **Fixed Income 2.5%** | **Principal Amount** | |
|---|---|---|
| **Natural Gas Gatherers & Processors 2.5%** | | |
| **United States 2.5%** | | |
| DCP Midstream Partners, L.P., 7.375%, due 06/15/2023 | 2,000,000 | $ 1,988,750 |
| | | |
| Total Fixed Income (Cost $2,000,000) | | $ 1,988,750 |

| **Short-Term Investments Investment Companies 0.1%** | **Shares** | |
|---|---|---|
| **United States 0.1%** | | |
| Fidelity Government Portfolio Fund Institutional Class, 0.97%[4] | 23,507 | $ 23,507 |
| First American Prime Obligations Fund Class Z, 0.95%[4] | 8,757 | 8,757 |
| Invesco Short-Term Government & Agency Portfolio Institutional Class, 0.98%[4] | 8,758 | 8,758 |
| Morgan Stanley Institutional Liquidity Funds Government Portfolio Institutional Class, 0.97%[4] | 8,757 | 8,757 |
| | | |
| Total Short-Term Investments Investment Companies (Cost $49,779) | | $ 49,779 |
| | | |
| ***Total Investments 141.4% (Cost $120,197,199)*** | | **$ 114,527,185** |
| Purchased Options[5] 0.0% (Premiums paid $194,889) | | 9,000 |
| Liabilities in Excess of Other Assets (41.4%) | | (33,533,865) |
| | | |
| ***Net Assets Applicable to Common Stockholders 100.0%*** | | **$ 81,002,320** |

[1] All or a portion of these securities are held as collateral pursuant to the loan agreements.

(2) Restricted security. Fair valued by the Adviser using the Fund s valuation procedures and subsequently ratified by the Board of Trustees. The position was acquired on January 6, 2017 at $900,000 and the fair value accounted for 1.00% of the Fund s net assets as of November 30, 2017.

(3) Rate reported is the current yield as of November 30, 2017.

| (4) Description | Exercise Price | Expiration Date | Currency | Number of Contracts | Premiums Paid | Fair Value | Unrealized Appreciation (Depreciation) |
|---|---|---|---|---|---|---|---|
| Energy Transfer Partners, L.P., Call Options | $ 22.00 | 1/1/2018 | USD | 3,000 | $ 194,889 | $ 9,000 | ($ 185,889) |
| | | | | | $ 194,889 | $ 9,000 | ($ 185,889) |

See Accompanying Notes to the Financial Statements.

The Cushing® MLP Total Return Fund

# Statement of Assets & Liabilities

November 30, 2017

| | |
|---|---|
| Assets | |
| Investments, at fair value (cost $120,197,199) | $ 114,527,185 |
| Purchased options, at fair value (premiums paid $194,889) | 9,000 |
| Current tax receivable | 346,677 |
| Distributions and dividends receivable | 13,628 |
| Interest receivable | 5,293 |
| Prepaid expenses | 16,047 |
| Total assets | 114,917,830 |
| Liabilities | |
| Short-term borrowings | 33,650,000 |
| Distributions and dividends payable | 5,882 |
| Payable to Adviser, net of waiver | 95,474 |
| Accrued interest expense | 2,217 |
| Accrued expenses and other liabilities | 161,937 |
| Total liabilities | 33,915,510 |
| Net assets applicable to common stockholders | $ 81,002,320 |
| Components of Net Assets | |
| Capital stock, $0.001 par value; 6,734,302 shares issued and outstanding (unlimited shares authorized) | $ 6,734 |
| Additional paid-in capital | 254,125,082 |
| Distributions in excess of net investment income | (80,409,158) |
| Accumulated realized loss | (86,864,435) |
| Net unrealized depreciation on investments | (5,670,014) |
| Net unrealized depreciation on options | (185,889) |
| Net assets applicable to common stockholders | $ 81,002,320 |
| Net asset value per common share outstanding (net assets applicable to common shares divided by common shares outstanding) | $ 12.03 |

See Accompanying Notes to the Financial Statements.

The Cushing® MLP Total Return Fund

# Statement of Operations

Fiscal Year Ended November 30, 2017

| | |
|---|---|
| Investment Income | |
| Distributions and dividends received | $ 9,481,830 |
| Less: return of capital on distributions | (8,639,095) |
| Distribution and dividend income | 842,735 |
| Interest income | 15,536 |
| Other income | 1,093 |
| Total Investment Income | 859,364 |
| Expenses | |
| Adviser fees | 1,787,170 |
| Professional fees | 140,891 |
| Administrator fees | 128,092 |
| Trustees fees | 80,445 |
| Reports to stockholders | 56,678 |
| Fund accounting fees | 46,405 |
| Insurance expense | 41,766 |
| Transfer agent fees | 28,507 |
| Registration fees | 26,567 |
| Custodian fees and expenses | 9,574 |
| Franchise tax expense | 6,571 |
| Total Expenses before Interest | 2,352,666 |
| Interest expense | 1,028,222 |
| Total Expenses | 3,380,888 |
| Less: expense waived by Adviser | (424,448) |
| Net Expenses | 2,956,440 |
| Net Investment Loss | (2,097,076) |
| Deferred tax expense | (972,195) |
| Net Investment Loss | (3,069,271) |
| Realized and Unrealized Gain (Loss) on Investments | |
| Net realized gain on investments | 765,309 |
| Net realized loss on purchased options | (99,097) |
| Net realized gain on written options | 111,041 |
| Net realized gain on investments | 777,253 |
| Net change in unrealized appreciation of investments | (9,196,148) |
| Net change in unrealized depreciation of options | (185,889) |

| | |
|---|---|
| Net change in unrealized depreciation of investments | (9,382,037) |
| Net Realized and Unrealized Loss on Investments | (8,604,784) |
| Net Decrease in Net Assets Applicable to Common Stockholders Resulting from Operations | $ (11,674,055) |

See Accompanying Notes to the Financial Statements.

The Cushing® MLP Total Return Fund

# Statements of Changes in Net Assets

| | Fiscal Year Ended November 30, 2017 | Fiscal Year Ended November 30, 2016 |
|---|---|---|
| Operations | | |
| Net investment loss | $ (3,069,271) | $ (1,950,608) |
| Net realized gain (loss) on investments and options | 777,253 | (35,661,435) |
| Net change in unrealized appreciation (depreciation) of investments and options | (9,382,037) | 52,204,197 |
| Net increase (decrease) in net assets applicable to common stockholders resulting from operations | (11,674,055) | 14,592,154 |
| Distributions and Dividends to Common Stockholders | | |
| Net investment income | | |
| Return of capital | (7,293,250) | (7,273,047) |
| Total distributions and dividends to common stockholders | (7,293,250) | (7,273,047) |
| Total increase (decrease) in net assets applicable to common stockholders | (18,967,305) | 7,319,107 |
| Net Assets | | |
| Beginning of fiscal year | 99,969,625 | 92,650,518 |
| End of fiscal year | $ 81,002,320 | $ 99,969,625 |
| Undistributed (distributions in excess of) net investment income at the end of the fiscal year | $ (80,409,158) | $ (77,604,268) |

See Accompanying Notes to the Financial Statements.

The Cushing® MLP Total Return Fund

# Statement of Cash Flows

Fiscal Year Ended November 30, 2017

| | |
|---|---|
| Operating Activities | |
| Net Decrease in Net Assets Applicable to Common Stockholders Resulting from Operations | $ (11,674,055) |
| Adjustments to reconcile decrease in the net assets applicable to common stockholders to net cash provided by operating activities | |
| Net change in unrealized depreciation of investments | 9,382,037 |
| Purchases of investments | (88,351,006) |
| Proceeds from sales of investments | 102,066,822 |
| Proceeds from option transactions, net | 447,599 |
| Return of capital on distributions | 8,639,095 |
| Net realized gain on sales of investments | (777,230) |
| Net proceeds from sales of short-term investments, net | 123,774 |
| Changes in operating assets and liabilities | |
| Deferred tax asset | 972,195 |
| Interest receivable | (4,706) |
| Distributions and dividends receivable | (13,628) |
| Current tax receivable | 2,362,834 |
| Prepaid expenses | 6,999 |
| Distributions and dividends payable | (596) |
| Payable to Adviser, net of waiver | 3,957 |
| Accrued interest expense | 2,217 |
| Accrued expenses and other liabilities | (88,939) |
| Net cash provided by operating activities | 23,097,369 |
| Financing Activities | |
| Proceeds from borrowing facility | 38,200,600 |
| Repayment of borrowing facility | (54,004,719) |
| Distributions and dividends paid to common stockholders | (7,293,250) |
| Net cash used in financing activities | (23,097,369) |
| Increase in Cash and Cash Equivalents | |
| Cash and Cash Equivalents: | |
| Beginning of fiscal year | |
| End of fiscal year | $ |
| Supplemental Disclosure of Cash Flow and Non-Cash Information | |
| Interest Paid | $ 1,026,005 |
| Taxes Paid | $ 3,271 |

See Accompanying Notes to the Financial Statements.

The Cushing® MLP Total Return Fund

# Financial Highlights

| | Fiscal Year Ended November 30, 2017 | Fiscal Year Ended November 30, 2016 | Fiscal Year Ended November 30, 2015 | Fiscal Year Ended November 30, 2014[1] | Fiscal Year Ended November 30, 2013[1] |
|---|---|---|---|---|---|
| **Per Common Share Data[2]** | | | | | |
| Net Asset Value, beginning of fiscal year | $ 14.84 | $ 13.76 | $ 29.70 | $ 34.90 | $ 33.10 |
| **Income from Investment Operations:** | | | | | |
| Net investment loss | (0.42) | (0.29) | (8.83) | (5.60) | (4.80) |
| Net realized and unrealized gain (loss) on investments | (1.31) | 2.45 | (4.90) | 4.90 | 11.10 |
| Total increase (decrease) from investment operations | (1.73) | 2.16 | (13.73) | (0.70) | 6.30 |
| **Less Distributions and Dividends to Common Stockholders:** | | | | | |
| Net investment income | | | | (4.50) | (3.95) |
| Return of capital | (1.08) | (1.08) | (2.21) | | (0.55) |
| Total distributions and dividends to common stockholders | (1.08) | (1.08) | (2.21) | (4.50) | (4.50) |
| Net Asset Value, end of fiscal year | $ 12.03 | $ 14.84 | $ 13.76 | $ 29.70 | $ 34.90 |
| Per common share fair value, end of fiscal year | $ 10.73 | $ 12.69 | $ 12.02 | $ 40.50 | $ 40.45 |
| Total Investment Return Based on Fair Value[3] | (8.05)% | 15.98% | (67.20)% | 11.89% | 18.86% |

See Accompanying Notes to the Financial Statements.

The Cushing® MLP Total Return Fund

# Financial Highlights (Continued)

| | Fiscal Year Ended November 30, 2017 | Fiscal Year Ended November 30, 2016 | Fiscal Year Ended November 30, 2015 | Fiscal Year Ended November 30, 2014[1] | Fiscal Year Ended November 30, 2013[1] |
|---|---|---|---|---|---|
| **Supplemental Data and Ratios** | | | | | |
| Net assets applicable to common stockholders, end of fiscal year (000 s) | $ 81,002 | $ 99,970 | $ 92,651 | $ 199,847 | $ 233,620 |
| Ratio of expenses (including current and deferred income tax benefit/expense) to average net assets after waiver[4][5] | 4.04% | 3.14% | 2.11% | 3.41% | 4.64% |
| Ratio of net investment income (loss) to average net assets before waiver[4][6][7] | (2.60)% | (2.85)% | (2.19)% | (0.07)% | (0.05)% |
| Ratio of net investment income (loss) to average net assets after waiver[4][6][7] | (2.16)% | (2.08)% | (1.58)% | (0.07)% | (0.05)% |
| Ratio of net investment income (loss) to average net assets after current and deferred income tax benefit/expense, before waiver[4] | (3.60)% | (3.01)% | (1.30)% | (0.55)% | (2.50)% |
| Ratio of net investment income (loss) to average net assets after current and deferred income tax benefit/expense, after waiver[4] | (3.16)% | (2.24)% | (0.70)% | (0.55)% | (2.50)% |
| Portfolio turnover rate | 62.87% | 97.78% | 97.30% | 137.17% | 297.81% |
| Total borrowings outstanding (in thousands) | $ 33,650 | $ 49,454 | $ 43,369 | $ 95,547 | $ 72,950 |
| Asset coverage per $1,000 of indebtedness[8] | $ 3,407 | $ 3,021 | $ 3,136 | $ 3,092 | $ 4,202 |

(1) Per share data adjusted for 1:5 reverse stock split completed as of September 14, 2015.

(2) Information presented relates to a share of common stock outstanding for the entire fiscal year.

(3) The calculation also assumes reinvestment of dividends at actual prices pursuant to the Fund s dividend reinvestment plan. Total investment return does not reflect brokerage commissions.

(4) For the fiscal year ended November 30, 2017, the Fund accrued $972,195 in net current and deferred tax expense.

For the fiscal year ended November 30, 2016, the Fund accrued $141,294 in net current and deferred tax expense.

For the fiscal year ended November 30, 2015, the Fund accrued $1,289,093 in net current and deferred tax benefit.

For the fiscal year ended November 30, 2014, the Fund accrued $1,115,507 in net current and deferred tax expense.

For the fiscal year ended November 30, 2013, the Fund accrued $5,743,456 in net current tax expense.

(5) The ratio of expenses (including current and deferred income tax benefit/expense) to average net assets before waiver was 4.48%, 3.91%, 2.71%, 3.41%, and 4.64% for the fiscal years ended November 30, 2017, 2016, 2015, 2014, and 2013, respectively.

(6) The ratio of expenses (excluding current and deferred income tax expense) to average net assets before waiver was 3.48%, 3.75%, 3.60%, 2.93%, and 2.18% for the fiscal years ended November 30, 2017, 2016, 2015, 2014, and 2013, respectively.

The ratio of expenses (excluding current and deferred income tax expense) to average net assets after waiver was 3.04%, 2.97%, 2.99%, 2.93%, and 2.18% for the fiscal years ended November 30, 2017, 2016, 2015, 2014, and 2013, respectively.

(7) This ratio excludes current and deferred income tax benefit/expense on net investment income.

(8) Calculated by subtracting the Fund s total liabilities (not including borrowings) from the Fund s total assets and dividing by the total borrowings.

See Accompanying Notes to the Financial Statements.

The Cushing® MLP Total Return Fund

# Notes to Financial Statements

November 30, 2017

**1. Organization**

The Cushing® MLP Total Return Fund (the Fund ) was formed as a Delaware statutory trust on May 23, 2007, and is a non-diversified, closed-end investment company under the Investment Company Act of 1940, as amended (the 1940 Act ). The Fund is managed by Cushing® Asset Management, LP (the Adviser ). The Fund s investment objective is to obtain a high after-tax total return from a combination of capital appreciation and current income. The Fund commenced operations on August 27, 2007. The Fund s shares are listed on the New York Stock Exchange under the symbol SRV.

In October 2016, the SEC adopted amendments to rules under the Investment Company Act of 1940 ( final rules ) intended to modernize the reporting and disclosure of information by registered investment companies. The final rules amend Regulation S-X and require funds to provide standardized, enhanced derivative disclosure in fund financial statements in a format designed for individual investors. The amendments to Regulation S-X also update the disclosures for other investments and investments in and advances to affiliates and amend the rules regarding the general form and content of fund financial statements. The compliance date for the amendments to Regulation S-X is August 1, 2017, and has been adopted accordingly.

**2. Significant Accounting Policies**

*A. Use of Estimates*

The following is a summary of significant accounting policies, consistently followed by the Fund in preparation of the financial statements. The Fund is considered an investment company and accordingly, follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standard Codification Topic 946, *Financial Services Investment Companies*, which is part of U.S. Generally Accepted Accounting Principles ( U.S. GAAP ).

The preparation of financial statements in conformity with U.S. GAAP 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 the date of the financial statements. Actual results could differ from those estimates.

*B. Investment Valuation*

The Fund uses the following valuation methods to determine fair value as either fair 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 as may be approved by the Fund s Board of Trustees ( 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 except those listed on the NASDAQ Global Market®, NASDAQ Global Select Market® and the NASDAQ Capital Market® exchanges (collectively, NASDAQ ). Securities traded on NASDAQ will be valued at the NASDAQ official closing price. If no sale is reported on that date, the closing price from the prior day may be used.

(ii) Listed options on debt securities are valued at the last sale price, or if there are no trades for the day, the mean of the bid price and the ask price. Unlisted options on debt or equity securities are valued based upon their composite bid prices if held long, or their composite ask prices if held short. Futures are valued at the settlement price. Premiums for the sale of 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.

(iii) The Fund s non-marketable investments will generally be valued in such manner as the 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.

The Fund may engage in short sale transactions. For financial statement purposes, an amount equal to the settlement amount, if any, is included in the Statement of Assets and Liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the fair value of the short positions. Subsequent fluctuations in market prices of securities sold short may require purchasing the securities at prices which may differ from the fair value reflected on the Statement of Assets and Liabilities. When the Fund sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. A gain, limited to the price at which the Fund sold the security short, or a loss, unlimited in size, will be recognized under the termination of a short sale. The Fund is also subject to the risk that it may be unable to reacquire a security to terminate a short position except at a price substantially in excess of the last quoted price. The Fund is liable for any distributions and dividends (collectively referred to as Distributions ) paid on securities sold short and such amounts, if any, are reflected as a Distribution expense in the Statement of Operations. The Fund s obligation to replace the borrowed security is secured by collateral deposited with the broker-dealer. The Fund also is 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 fair value of the securities sold short. The Fund did not hold any securities sold short as of November 30, 2017.

*C. Security Transactions, Investment Income and Expenses*

Security transactions are accounted for on the date securities are purchased or sold (trade date). Realized gains and losses are reported on a specific identified cost basis. Interest income is recognized on an accrual basis, including amortization of premiums and accretion of discounts. Distributions are recorded on the ex-dividend date. Distributions received from the Fund s investments in master limited partnerships ( MLPs ) generally are comprised of ordinary income, capital gains and return of capital from the MLPs. The Fund records investment income on the ex-date of the Distributions. For financial statement purposes, the Fund uses return of capital and income estimates to allocate the Distribution income received. Such estimates are based on historical information available from each MLP and other industry sources. These estimates may subsequently be revised based on information received from the MLPs after their tax reporting periods are concluded, as the actual character of these Distributions is not known until after the fiscal year end of the Fund.

The Fund estimates the allocation of investment income and return of capital for the Distributions received from its portfolio investments within the Statement of Operations. For the fiscal year ended November 30, 2017, the Fund has estimated approximately 91% of the Distributions received from its portfolio investments to be return of capital.

Expenses are recorded on an accrual basis.

*D. Distributions to Stockholders*

Distributions to common stockholders are recorded on the ex-dividend date. The character of Distributions to common stockholders made during the year may differ from their ultimate characterization for federal income tax purposes. For the fiscal year ended November 30, 2017, the Fund s Distributions were expected to be comprised of 100% return of capital. The final character of Distributions paid for the fiscal year ended November 30, 2017 will be determined in early 2018. The final character of Distributions paid for the fiscal year ended November 30, 2016 was 100%, or $7,273,047, return of capital.

*E. Federal Income Taxation*

The Fund, taxed as a corporation, is obligated to pay federal and state income tax on its taxable income. Currently, the maximum marginal regular federal income tax rate for a corporation is 35%. The Fund may be subject to a 20% federal alternative minimum tax on its federal alternative minimum taxable income to the extent that its alternative minimum tax exceeds its regular federal income tax.

The Fund invests its assets primarily in MLPs, which generally are treated as partnerships for federal income tax purposes. As a limited partner in MLPs, the Fund reports its allocable share of each MLP s taxable income in computing its own taxable income.

The Fund s tax expense or benefit is included in the Statement of Operations based on the component of income or gains (losses) to which such expense or benefit relates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized.

The Fund recognizes in the financial statements the impact of a tax position, if that position is more-likely-than-not to be sustained on examination by the taxing authorities, based on the technical merits of the position. Tax benefits resulting from such a position are measured as the amount that has a greater than fifty percent likelihood on a cumulative basis to be sustained on examination.

*F. Cash and Cash Equivalents*

The Fund considers all highly liquid investments purchased with initial maturity equal to or less than three months to be cash equivalents.

*G. Cash Flow Information*

The Fund makes Distributions from investments, which include the amount received as cash distributions from MLPs, common stock dividends and interest payments. These activities are reported in the Statement of Changes in Net Assets, and additional information on cash receipts and payments is presented in the Statement of Cash Flows.

*H. Indemnification*

Under the Fund s organizational documents, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund may enter into contracts that provide general indemnification to other parties. The Fund s maximum exposure under such indemnification arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred, and may not occur. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

*I. Derivative Financial Instruments*

The Fund provides disclosure regarding derivatives and hedging activity to allow investors to understand how and why the Fund uses derivatives, how derivatives are accounted for, and how derivative instruments affect the Fund s results of operations and financial position.

The Fund occasionally purchases and sells ( writes ) put and call equity options as a source of potential protection against a broad market decline. A purchaser of a put option has the right, but not the obligation, to sell the underlying instrument at an agreed upon price ( strike price ) to the option seller.

A purchaser of a call option has the right, but not the obligation, to purchase the underlying instrument at the strike price from the option seller. Options are settled for cash.

*Purchased Options*  Premiums paid by the Fund for purchased options are included in the Statement of Assets and Liabilities as an investment. The option is adjusted daily to reflect the fair value of the option and any change in fair value is recorded as unrealized appreciation or depreciation of investments. If the option is allowed to expire, the Fund will lose the entire premium paid and record a realized loss for the premium amount. Premiums paid for purchased options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying investment transaction to determine the realized gain/loss or cost basis of the security.

*Written Options*  Premiums received by the Fund for written options are included in the Statement of Assets and Liabilities. The amount of the liability is adjusted daily to reflect the fair value of the written option and any change in fair value is recorded as unrealized appreciation or depreciation of investments. Premiums received from written options that expire are treated as realized gains. The Fund records a realized gain or loss on written options based on whether the cost of the closing transaction exceeds the premium received. If a call option is exercised by the option buyer, the premium received by the Fund is added to the proceeds from the sale of the underlying security to the option buyer and compared to the cost of the closing transaction to determine whether there has been a realized gain or loss. If a put option is exercised by an option buyer, the premium received by the option seller reduces the cost basis of the purchased security.

Written uncovered call options subject the Fund to unlimited risk of loss. Written covered call options limit the upside potential of a security above the strike price. Put options written subject the Fund to risk of loss if the value of the security declines below the exercise price minus the put premium.

The Fund is not subject to credit risk on written options as the counterparty has already performed its obligation by paying the premium at the inception of the contract.

The Fund has adopted the disclosure provisions of Financial Accounting Standards Board ( FASB ) Accounting Standard Codification 815, Derivatives and Hedging ( ASC 815 ). ASC 815 requires enhanced disclosures about the Fund s use of and accounting for derivative instruments and the effect of derivative instruments on the Fund s results of operations and financial position. Tabular disclosure regarding derivative fair value and gain/loss by contract type (e.g., interest rate contracts, foreign exchange contracts, credit contracts, etc.) is required and derivatives accounted for as hedging instruments under ASC 815 must be disclosed separately from those that do not qualify for hedge accounting. Even though the Fund may use derivatives in an attempt to achieve an economic hedge, the Fund s derivatives are not accounted for as hedging instruments under ASC 815 because investment companies account for their derivatives at fair value and record any changes in fair value in current period earnings.

The average monthly fair value of purchased options during the fiscal year ended November 30, 2017 was $113,958.

The average monthly fair value of written options during the fiscal year ended November 30, 2017 was $5,673.

The effect of derivative instruments on the Statement of Operations for the fiscal year ended November 30, 2017:

**Amount of Realized Gain or (Loss) on Derivatives Recognized in Income**

| **Derivatives not accounted for as hedging instruments under ASC 815** | **Purchased Options** | **Written Options** | **Total** |
|---|---|---|---|
| Equity Contracts | $ (99,097) | $ 111,041 | $ 11,944 |

**Amount of Unrealized Appreciation on Derivatives Recognized in Income**

| **Derivatives not accounted for as hedging instruments under ASC 815** | **Purchased Options** | **Written Options** | **Total** |
|---|---|---|---|
| Equity Contracts | $ (185,889) | $ | $ (185,889) |

**Asset derivatives**

| **Risk Exposure Category** | **Statement of Assets and Liabilites location** | **Fair value** |
|---|---|---|
| Equity Contracts | Purchased options, at fair value | $ 9,000 |

**3. Concentrations of Risk**

The Fund, under normal market conditions, invests at least 80% of its assets (net assets plus any borrowings for investment purposes) in a portfolio of MLPs and MLP-related investments. Therefore, the Fund may be subject to more risks than if they were more broadly diversified over numerous industries and sectors of the economy. General changes in market sentiment towards companies in the sectors in which they invest may adversely affect the Fund, and the performance of such sectors may lag behind the broader market as a whole.

The Fund is also subject to MLP structure risk. Holders of MLP units are subject to certain risks inherent in the structure of MLPs, including (i) tax risks, (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.

**4. Agreements and Related Party Transactions**

The Fund has entered into an Investment Management Agreement with the Adviser (the Agreement ). Under the terms of the Agreement, the Fund will pay the 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 for the services and facilities provided by the Adviser to the Fund. The Fund s Board of Trustees approved a waiver of the advisory fees to be paid to the Adviser in the amount of 0.50% of the Fund s Managed Assets through February 1, 2017. As of February 1, 2017, the Fund s Board of Trustees approved a waiver of the advisory fees to be paid to the Adviser in the amount of 0.25% of the Fund s Managed Assets through February 1, 2018. The Adviser earned $1,787,170 and waived $424,448 in advisory fees for the fiscal year ended November 30, 2017. The Adviser will not recoup any of the waived expenses from the Fund.

The Fund has engaged U.S. Bancorp Fund Services, LLC to serve as the Fund s administrator. The Fund pays the administrator a monthly fee computed at an annual rate of 0.08% of the first $100,000,000 of the Fund s average daily net assets, 0.05% on the next $200,000,000 of average daily net assets and 0.04% on the balance of the Fund s average daily net assets, with a minimum annual fee of $40,000.

U.S. Bancorp Fund Services, LLC serves as the Fund s transfer agent, dividend paying agent, and agent for the automatic dividend reinvestment plan.

U.S. Bank, N.A. serves as the Fund s custodian. The Fund pays the custodian a monthly fee computed at an annual rate of 0.004% of the Fund s average daily market value, with a minimum annual fee of $4,800.

Fees paid to trustees for their services to the Fund are reflected as Trustees fees on the Statement of Operations.

**5. Income Taxes**

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting and tax purposes. Components of the Fund s deferred tax assets and liabilities as of November 30, 2017, were as follows:

| | |
|---|---|
| Deferred tax assets: | |
| Net operating loss carryforward | $ 1,570,382 |
| Capital loss carryforward | 38,124,382 |
| Unrealized depreciation on investments | 1,015,774 |
| Total deferred tax assets before valuation allowance | 40,710,538 |
| Valuation allowance | (40,710,538) |
| Net deferred tax asset | $ |

As of November 30, 2017, a valuation allowance of $40,710,538 was deemed necessary, as the Fund does not believe that there is an ability to realize this portion of the deferred tax asset through future taxable income.

The net operating loss carryforward and capital loss carryforwards are available to offset future taxable income. The Fund had the following net operating loss and capital loss amounts:

| Fiscal Year Ended Net Operating Loss | Amount | Expiration |
|---|---|---|
| November 30, 2017 | $ 3,359,284 | November 30, 2037 |
| | $ 3,359,284 | |

| Fiscal Year Ended Capital Loss | Amount |
|---|---|