

TORTOISE ENERGY INFRASTRUCTURE CORP

Form N-30B-2

April 24, 2017

Quarterly Report | February 28, 2017

2017 1st Quarter Report

Closed-End Funds

Tortoise Capital Advisors**2017 1st Quarter Report to Stockholders**

This combined report provides you with a comprehensive review of our funds that span the entire energy value chain.

Tortoise Capital Advisors specializes in essential assets investing, including closed-end funds, open end funds, private funds and separate accounts.

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TTP and TPZ distribution policies

Tortoise Pipeline & Energy Fund, Inc. (TTP) and Tortoise Power and Energy Infrastructure Fund, Inc. (TPZ) are relying on exemptive relief permitting them to make long-term capital gain distributions throughout the year. Each of TTP and TPZ, with approval of its Board of Directors (the Board), has adopted a distribution policy (the Policy) with the purpose of distributing over the course of each year, through periodic distributions as nearly equal as practicable and any required special distributions, an amount closely approximating the total taxable income of TTP and TPZ during such year and, if so determined by the Board, all or a portion of the return of capital paid by portfolio companies to TTP and TPZ during such year. In accordance with its Policy, TTP distributes a fixed amount per common share, currently \$0.4075, each quarter to its common shareholders and TPZ distributes a fixed amount per common share, currently \$0.125, each month to its common shareholders. These amounts are subject to change from time to time at the discretion of the Board. Although the level of distributions is independent of TTP's and TPZ's performance, TTP and TPZ expect such distributions to correlate with its performance over time. Each quarterly and monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions in light of TTP's and TPZ's performance for the entire calendar year and to enable TTP and TPZ to comply with the distribution requirements imposed by the Internal Revenue Code. The Board may amend, suspend or terminate the Policy without prior notice to shareholders if it deems such action to be in the best interests of TTP, TPZ and their respective shareholders. For example, the Board might take such action if the Policy had the effect of shrinking TTP's or TPZ's assets to a level that was determined to be detrimental to TTP or TPZ shareholders. The suspension or termination of the Policy could have the effect of creating a trading discount (if TTP's or TPZ's stock is trading at or above net asset value), widening an existing trading discount, or decreasing an existing premium. You should not draw any conclusions about TTP's or TPZ's investment performance from the amount of the distribution or from the terms of TTP's or TPZ's distribution policy. Each of TTP and TPZ estimates that it has distributed more than its income and net realized capital gains; therefore, a portion of your distribution may be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in TTP or TPZ is paid back to you. A return of capital distribution does not necessarily reflect TTP's or TPZ's investment performance and should not be confused with yield or income. The amounts and sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon TTP's and TPZ's investment experience during the remainder of their fiscal year and may be subject to changes based on tax regulations. TTP and TPZ will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes.

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Closed-end fund comparison

Name/Ticker	Primary focus	Structure	Total assets (\$ millions)¹	Portfolio mix by asset type²	Portfolio by structure
Tortoise Energy Infrastructure Corp. NYSE: TYG Inception: 2/2004 Tortoise MLP Fund, Inc.	Midstream MLPs	C-corp	\$2,795.3		
NYSE: NTG Inception: 7/2010 Tortoise Pipeline & Energy Fund, Inc.	Natural gas infrastructure MLPs	C-corp	\$1,632.1		
NYSE: TTP Inception: 10/2011 Tortoise Energy Independence Fund, Inc.	North American pipeline companies	Regulated investment company	\$304.5		
NYSE: NDP Inception: 7/2012 Tortoise Power and Energy Infrastructure Fund, Inc.	North American oil & gas producers	Regulated investment company	\$296.7		
NYSE: TPZ Inception: 7/2009	Power & energy infrastructure companies (Fixed income & equity)	Regulated investment company	\$222.7		

¹ As of 3/31/2017² As a percentage of total long-term investments as of 2/28/2017**Tortoise Capital Advisors**

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Tortoise Capital Advisors

First quarter 2017 report to closed-end fund stockholders

Dear fellow stockholders,

Performance within the energy sector was mixed for the first fiscal quarter with the S&P Energy Select Sector® Index returning -3.6%. Upstream producers and larger integrated energy companies retreated while midstream companies, including MLPs, experienced continued strength following the Presidential election and subsequent executive orders easing pipeline regulations. The U.S. continues to move toward energy independence and according to the Energy Information Administration, will likely become a net energy exporter by 2026.

Upstream

Upstream oil and gas producers, as represented by the Tortoise North American Oil and Gas Producers IndexSM, returned -10.6% for the fiscal quarter. Even though prices were steady and Organization of Petroleum Exporting Countries (OPEC's) compliance to its output agreement has been strong, the market did not respond as positively as expected. We believe that high crude oil inventory levels in the U.S. and expected U.S. production growth following higher rig counts are leading to skepticism around the sustainability of higher prices. Heavy imports, coupled with lower refiner demand during maintenance season, led to sustained inventory builds in the U.S., although they appear to be decreasing globally. U.S. crude oil production estimates continued to be revised up, mainly due to the increase in rigs coming back online with greater efficiency, especially those in the Permian and Eagle Ford Basins. As such, 2017 average production is now estimated at 9.2 million barrels per day (MMbbl/d) and 9.9 MMbbl/d for 2018.¹

Throughout the first fiscal quarter, prices were relatively stable with West Texas Intermediate (WTI) starting the period at \$49.44 per barrel and ending at \$54.01.

Natural gas prices opened the fiscal quarter at \$3.30 per million British thermal units (MMBtu) and ended the quarter near the low at \$2.52. Warm winter weather throughout the country was a headwind for natural gas demand, though mitigated somewhat by increased demand for exports leading to lower inventory levels versus last year.¹

Natural gas production is expected to average 73.1 billion cubic feet per day in 2017 and rise to an average of 77.1 billion cubic feet per day in 2018.¹ For natural gas liquids and particularly propane, prices improved following higher demand. The U.S. is now exporting more than a billion cubic feet of propane per day,¹ which is part of the broader story of the U.S. shift from net energy importer to net energy exporter.

Midstream

Pipeline companies had a strong fiscal quarter with the Tortoise North American Pipeline IndexSM returning 4.9%. MLPs, which had experienced more technical pressure during the downturn, had a strong rebound with a return of 9.8% for the fiscal quarter, as represented by the Tortoise MLP Index®.

The Trump administration is supportive of pipeline projects, which has driven an uptick in project announcements. Our long-term outlook for the midstream sector remains positive with our projection for capital investments in MLPs, pipeline and related organic projects remaining strong at approximately \$110 billion for 2017 to 2019. Simplification continued through restructuring incentive distribution rights (IDRs), thus simplifying the capital structure, lowering the cost of capital and improving growth profiles.

Downstream

Refinery utilization was lower during the first fiscal quarter, as is typical during this timeframe due to the scheduled maintenance season. We expect utilization to rise as this season ends in the second fiscal quarter. For petrochemical companies, the long-anticipated wave of ethylene facilities starting to come into service during 2017 was a positive driver.

Utilities performed well despite the potential for higher interest rates, perhaps in anticipation of less regulatory burden implemented by the new administration, although we do expect state-specific regulations to remain.

Renewables continued to play a larger part of the global energy landscape. The solar segment is expected to be the fastest growing on a percentage basis and will likely increase by 44% over the next two years.¹ We believe that state-level mandates will remain in place during the Trump administration.

Capital markets

Capital markets remained active on both the equity and debt sides during the fiscal quarter. Though there were no midstream MLP initial public offerings during the fiscal quarter, MLPs and other pipeline companies raised approximately \$35 billion, with the majority in equity offerings. Capital markets continued to be supportive of exploration and production companies though they have become less active as companies focus on spending within cash flow.

Merger and acquisition activity among MLPs and other pipeline companies totaled almost \$30 billion. As an example of the midstream simplifications mentioned earlier, ONEOK, Inc. had the largest announced transaction of the quarter with the acquisition of its remaining public stake in ONEOK Partners, L.P., in a deal valued at about \$17 billion.

(unaudited)

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Concluding thoughts

We expect to see some volatility throughout 2017, but from a long-term perspective, our outlook for the energy sector remains strong. As we see the U.S. make the expected transition from net energy importer to net energy exporter over the next decade, we believe compelling opportunities across the energy value chain will continue.

Sincerely,

The Managing Directors
Tortoise Capital Advisors, L.L.C.

The S&P Energy Select Sector[®] Index is a capitalization-weighted index of S&P 500[®] Index companies in the energy sector involved in the development or production of energy products. The Tortoise North American Oil and Gas Producers IndexSM is a float-adjusted, capitalization-weighted index of North American energy companies engaged primarily in the production of crude oil, condensate, natural gas or natural gas liquids (NGLs). The Tortoise North American Pipeline IndexSM is a float adjusted, capitalization-weighted index of energy pipeline companies domiciled in the United States and Canada. The Tortoise MLP Index[®] is a float-adjusted, capitalization-weighted index of energy master limited partnerships.

The Tortoise indices are the exclusive property of Tortoise Index Solutions, LLC, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to calculate and maintain the Tortoise MLP Index[®], Tortoise North American Pipeline IndexSM and Tortoise North American Oil and Gas Producers IndexSM (the Indices). The Indices are not sponsored by S&P Dow Jones Indices or its affiliates or its third party licensors (collectively, S&P Dow Jones Indices LLC). S&P Dow Jones Indices will not be liable for any errors or omission in calculating the Indices. Calculated by S&P Dow Jones Indices and its related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by Tortoise Index Solutions, LLC and its affiliates. S&P[®] is a registered trademark of Standard & Poor's Financial Services LLC (SPFS), and Dow Jones[®] is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones).

It is not possible to invest directly in an index.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost.

1 Energy Information Administration, April 2017

(unaudited)

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Tortoise

Energy Infrastructure Corp. (TYG)

Fund description

TYG seeks a high level of total return with an emphasis on current distributions paid to stockholders. TYG invests primarily in equity securities of master limited partnerships (MLPs) and their affiliates that transport, gather, process or store natural gas, natural gas liquids (NGLs), crude oil and refined petroleum products.

Fund performance review

The fund's market-based and NAV-based returns for the fiscal quarter ending February 28, 2017 were 15.3% and 12.3%, respectively (including the reinvestment of distributions). Comparatively, the Tortoise MLP Index® returned 9.8% for the same period. The fund's positive performance was largely driven by the Trump administration's support of MLPs and other pipeline company projects as well as some companies simplifying their capital structure, thus lowering the cost of capital and improving growth profiles within the segment.

First fiscal quarter highlights

Distributions paid per share	\$0.6550
Distribution rate (as of 2/28/2017)	7.6%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in February 2004	\$28.4975
Market-based total return	15.3%
NAV-based total return	12.3%
Premium (discount) to NAV (as of 2/28/2017)	9.1%

Unlike the fund return, index return is pre-expenses and taxes.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

Key asset performance drivers

Company type		
ONEOK Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Acquisition by parent company ONEOK, Inc.
Magellan Midstream Partners, L.P.	Midstream refined product pipeline MLP	Strong fee-based cash flows and organic growth projects focused on the Permian Basin and the Gulf Coast region
Tesoro Logistics LP	Midstream crude oil pipeline MLP	Visibility to strong growth from dropdown asset suite of sponsor
Energy Transfer Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Agreement to merge with Sunoco Logistics viewed favorably due to more diversified company and credit profile along with greater clarity on Dakota Access Pipeline (DAPL) project
Western Gas Partners, LP	Midstream gathering and processing MLP	Visibility to growth due to strategic assets in the Permian Basin
Company type		
Enbridge Energy Partners, L.P.	Midstream crude oil pipeline MLP	Concerns about sustainability of distributions
Plains All American Pipeline, L.P.	Midstream crude oil pipeline MLP	Increased competition for Permian crude oil pipelines

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Genesis Energy L.P. Energy Transfer Equity, L.P. Tallgrass Energy Partners, LP	Midstream crude oil pipeline MLP Midstream natural gas/natural gas liquids pipeline MLP Midstream natural gas/natural gas liquids pipeline MLP	Lower distribution growth rate Mixed views on impact of limited partnership merger of Energy Transfer Partners and Sunoco Logistics Limited visibility to depth of dropdown suite of parent company
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(unaudited)

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Distributable cash flow and distributions

Distributable cash flow (DCF) is distributions received from investments less expenses. The total distributions received from investments include the amount received as cash distributions from investments, paid-in-kind distributions, and dividend and interest payments. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes include taxes paid on net investment income, in addition to foreign taxes, if any. Taxes incurred from realized gains on the sale of investments, expected tax benefits and deferred taxes are not included in DCF.

Distributions received from investments increased approximately 2.9% as compared to 4th quarter 2016 due primarily to the impact of trading activity as well as increased distribution rates of the fund's investments. Operating expenses, consisting primarily of fund advisory fees, increased 8.3% during the quarter due to higher asset-based fees. Overall leverage costs decreased 2.8% as compared to 4th quarter 2016 due to lower leverage utilization as well as a reduction in the overall cost of leverage during the quarter.

As a result of the changes in income and expenses, DCF increased approximately 3.0% as compared to 4th quarter 2016. The fund paid a quarterly distribution of \$0.655 per share, which was equal to the distribution paid in the prior quarter and 1st quarter 2016. The fund has paid cumulative distributions to stockholders of \$28.4975 per share since its inception in Feb. 2004.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles (GAAP), recognizes distribution income from MLPs and other investments on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; GAAP recognizes that a significant portion of the cash distributions received from MLPs and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units), whereas such amounts are not included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including fee waiver, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, realized and unrealized gains (losses) on interest rate swap settlements, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income.

Net Investment Income (Loss), before Income Taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for 1st quarter 2017 (in thousands):

	1st Qtr 2017
Net Investment Loss, before Income Taxes	\$ (7,172)
Adjustments to reconcile to DCF:	
Distributions characterized as return of capital	40,158
Amortization of debt issuance costs	115
Interest rate swap expenses	(197)
DCF	\$ 32,904

Leverage

The fund's leverage utilization decreased by \$14.9 million during 1st quarter 2017 and represented 24.7% of total assets at February 28, 2017. The fund has maintained compliance with its applicable coverage ratios. At quarter-end, including the impact of interest rate swaps, approximately 77% of the leverage cost was fixed, the weighted-average maturity was 4.9 years and the weighted-average annual rate on leverage was 3.40%. These rates will vary in the future as a result of changing floating rates, utilization of the fund's credit facilities and as leverage and swaps mature or are redeemed.

Income taxes

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During 1st quarter 2017, the fund's deferred tax liability increased by \$102.7 million to \$554.5 million, primarily as a result of the increase in value of its investment portfolio. The fund had net realized gains of \$71.6 million during the quarter. To the extent that the fund has taxable income, it will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets, or borrowings.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage, taxes and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions and results, please visit www.tortoiseadvisors.com.

(unaudited)

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TYG Key Financial Data (supplemental unaudited information)

(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding Distributable Cash Flow and Selected Financial Information is supplemental non-GAAP financial information, which the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with the full financial statements.

	2016 Q1 ⁽¹⁾	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾	2017 Q1 ⁽¹⁾
Total Income from Investments					
Distributions and dividends from investments	\$47,200	\$44,670	\$45,694	\$44,714	\$46,007
Operating Expenses Before Leverage					
Costs and Current Taxes					
Advisory fees	5,321	5,719	6,215	6,067	6,380
Other operating expenses	466	461	459	229	437
Distributable cash flow before leverage costs and current taxes	5,787	6,180	6,674	6,296	6,817
Leverage costs ⁽²⁾	41,413	38,490	39,020	38,418	39,190
Current income tax expense ⁽³⁾	7,700	6,479	6,433	6,467	6,286
Distributable Cash Flow⁽⁴⁾	\$33,713	\$32,011	\$32,587	\$31,951	\$32,904
As a percent of average total assets⁽⁵⁾					
Total from investments	7.67 %	7.28 %	6.85 %	6.90 %	6.83 %
Operating expenses before leverage costs and current taxes	0.94 %	1.01 %	1.00 %	0.97 %	1.01 %
Distributable cash flow before leverage costs and current taxes	6.73 %	6.27 %	5.85 %	5.93 %	5.82 %
As a percent of average net assets⁽⁵⁾					
Total from investments	16.09 %	13.54 %	12.45 %	12.58 %	12.32 %
Operating expenses before leverage costs and current taxes	1.97 %	1.87 %	1.82 %	1.77 %	1.83 %
Leverage costs and current taxes	2.62 %	1.96 %	1.75 %	1.82 %	1.68 %
Distributable cash flow	11.50 %	9.71 %	8.88 %	8.99 %	8.81 %
Selected Financial Information					
Distributions paid on common stock	\$31,682	\$31,682	\$31,961	\$32,045	\$32,082
Distributions paid on common stock per share	0.6550	0.6550	0.6550	0.6550	0.6550
Distribution coverage percentage for period ⁽⁶⁾	106.4 %	101.0 %	102.0 %	99.7 %	102.6 %
Net realized gain, net of income taxes, for the period	41,667	47,833	13,034	15,215	71,641
Total assets, end of period ⁽⁷⁾	2,213,663	2,587,793	2,628,678	2,593,722	2,842,641
Average total assets during period ⁽⁸⁾	2,475,404	2,442,341	2,654,126	2,607,027	2,733,122
Leverage ⁽⁹⁾	689,700	704,000	720,200	716,800	701,900
Leverage as a percent of total assets	31.2 %	27.2 %	27.4 %	27.6 %	24.7 %
Net unrealized depreciation, end of period	(483,386)	(269,349)	(204,786)	(217,646)	(109,826)
Net assets, end of period	1,176,897	1,390,531	1,443,397	1,412,274	1,556,125
Average net assets during period ⁽¹⁰⁾	1,179,868	1,312,506	1,460,638	1,429,146	1,513,999
Net asset value per common share	24.33	28.71	29.54	28.83	31.74
Market value per share	24.26	27.90	30.48	30.63	34.63
Shares outstanding (000 s)	48,370	48,434	48,859	48,980	49,031

(1) Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is the period from September through November.

(2) Leverage costs include interest expense, distributions to preferred stockholders, interest rate swap expenses and other recurring leverage expenses.

(3) Includes taxes paid on net investment income and foreign taxes, if any. Taxes related to realized gains are excluded from the calculation of Distributable Cash Flow (DCF).

(4) Net investment income (loss), before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF: increased by the return of capital on distributions, the premium on redemptions of senior notes and MRP stock and amortization of debt issuance costs; and decreased by realized and unrealized gains (losses) on interest rate swap settlements and current taxes paid on net investment income.

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- (5) Annualized.
- (6) Distributable Cash Flow divided by distributions paid.
- (7) Includes deferred issuance and offering costs on senior notes and preferred stock.
- (8) Computed by averaging month-end values within each period.
- (9) Leverage consists of senior notes, preferred stock and outstanding borrowings under credit facilities.
- (10) Computed by averaging daily net assets within each period.

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Tortoise

MLP Fund, Inc. (NTG)

Fund description

NTG seeks to provide stockholders with a high level of total return with an emphasis on current distributions. NTG invests primarily in master limited partnerships (MLPs) and their affiliates that own and operate a network of pipeline and energy-related logistical infrastructure assets with an emphasis on those that transport, gather, process and store natural gas and natural gas liquids (NGLs). NTG targets midstream MLPs benefiting from U.S. natural gas production and consumption expansion with minimal direct commodity exposure.

Fund performance review

The fund's market-based and NAV-based returns for the fiscal quarter ending February 28, 2017 were both 10.7% (including the reinvestment of distributions). Comparatively, the Tortoise MLP Index® returned 9.8% for the same period. The fund's positive performance was largely driven by the Trump administration's support of MLPs and other pipeline company projects as well as some companies simplifying their capital structure, thus lowering the cost of capital and improving growth profiles within the segment.

First fiscal quarter highlights

Distributions paid per share	\$0.4225
Distribution rate (as of 2/28/2017)	8.2%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in July 2010	\$10.8125
Market-based total return	10.7%
NAV-based total return	10.7%
Premium (discount) to NAV (as of 2/28/2017)	(1.7)%

Unlike the fund return, index return is pre-expenses and taxes.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

Key asset performance drivers

Company type		
ONEOK Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Acquisition by parent company ONEOK, Inc.
Energy Transfer Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Agreement to merge with Sunoco Logistics viewed favorably due to more diversified company and credit profile along with greater clarity on the Dakota Access Pipeline (DAPL) project
Tesoro Logistics LP	Midstream crude oil pipeline MLP	Visibility to strong growth from dropdown asset suite of sponsor
Enterprise Products Partners L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Steady cash flows and growing distributions as well as improved natural gas liquids (NGLs) outlook
Western Gas Partners, LP	Midstream gathering and processing MLP	Visibility to growth due to strategic assets in the Permian Basin
Company type		
Enbridge Energy Partners, L.P.	Midstream crude oil pipeline MLP	Concerns about sustainability of distributions

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Plains All American Pipeline, L.P.	Midstream crude oil pipeline MLP	Increased competition for Permian crude oil pipelines
Genesis Energy L.P.	Midstream crude oil pipeline MLP	Lower distribution growth rate
Energy Transfer Equity, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Mixed views on impact of limited partnership merger of Energy Transfer Partners and Sunoco Logistics
Western Gas Equity Partners, LP (unaudited)	Midstream gathering and processing MLP	Overhang of equity sale from parent company

Tortoise

MLP Fund, Inc. (NTG) (continued)

Distributable cash flow and distributions

Distributable cash flow (DCF) is distributions received from investments less expenses. The total distributions received from investments include the amount received as cash distributions from MLPs, paid-in-kind distributions, and dividend and interest payments. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes include taxes paid on net investment income in addition to foreign taxes, if any. Taxes incurred from realized gains on the sale of investments, expected tax benefits and deferred taxes are not included in DCF.

Distributions received from investments increased approximately 1.0% as compared to 4th quarter 2016 due primarily to increased distribution rates of the fund's investments. Operating expenses, consisting primarily of fund advisory fees, increased approximately 4.0% during the quarter due to higher asset-based fees. Leverage costs increased approximately 0.9% as compared to 4th quarter 2016 due primarily to an increase in interest rates during the quarter.

As a result of the changes in income and expenses, DCF increased approximately 0.5% as compared to 4th quarter 2016. The fund paid a quarterly distribution of \$0.4225 per share, which was equal to the distribution paid in the prior quarter and 1st quarter 2016. The fund has paid cumulative distributions to stockholders of \$10.8125 per share since its inception in July 2010.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles (GAAP), recognizes distribution income from MLPs, common stock and other investments on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; GAAP recognizes that a significant portion of the cash distributions received from MLPs, common stock and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units), whereas such amounts are not included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including fee waiver, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income.

Net Investment Income (Loss), before Income Taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for 1st quarter 2017 (in thousands):

	1st Qtr 2017
Net Investment Loss, before Income Taxes	\$ (6,969)
Adjustments to reconcile to DCF:	
Distributions characterized as return of capital	26,676
Amortization of debt issuance costs	91
DCF	\$ 19,798

Leverage

The fund's leverage utilization decreased by \$1.1 million during 1st quarter 2017 and represented 26.5% of total assets at February 28, 2017. The fund has maintained compliance with its applicable coverage ratios. At quarter-end, approximately 77% of the leverage cost was fixed, the weighted-average maturity was 2.6 years and the weighted-average annual rate on leverage was 3.65%. These rates will vary in the future as a result of changing floating rates, utilization of the fund's credit facility and as leverage matures or is redeemed.

Income taxes

During 1st quarter 2017, the fund's deferred tax liability increased by \$56.2 million to \$217.6 million, primarily as a result of the increase in value of its investment portfolio. The fund had net realized gains of \$14.9 million during the quarter. As of November 30, 2016, the fund had net operating losses of \$56 million for federal income tax purposes. To the extent that the fund has taxable income in the future that is not offset by net operating losses, it will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets, or borrowings.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage, taxes and other important fund information.

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For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions and results, please visit www.tortoiseadvisors.com.

(unaudited)

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Tortoise Capital Advisors

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NTG Key Financial Data (supplemental unaudited information)
(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding Distributable Cash Flow and Selected Financial Information is supplemental non-GAAP financial information, which the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with the full financial statements.

	2016				2017
	Q1 ⁽¹⁾	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾	Q1 ⁽¹⁾
Total Income from Investments					
Distributions and dividends from investments	\$ 27,259	\$ 26,411	\$ 27,901	\$ 27,640	\$ 27,920
Operating Expenses Before Leverage					
Costs and Current Taxes					
Advisory fees, net of fees waived	2,868	3,292	3,654	3,584	3,752
Other operating expenses	323	336	336	336	324
	3,191	3,628	3,990	3,920	4,076
Distributable cash flow before leverage costs and current taxes	24,068	22,783	23,911	23,720	23,849
Leverage costs ⁽²⁾	4,018	3,949	3,960	4,013	4,051
Current income tax expense ⁽³⁾					
Distributable Cash Flow⁽⁴⁾	\$20,050	\$18,834	\$19,951	\$19,707	\$19,798
As a percent of average total assets⁽⁵⁾					
Total from investments	8.15 %	7.55 %	7.28 %	7.29 %	7.09 %
Operating expenses before leverage costs and current taxes	0.95 %	1.04 %	1.04 %	1.03 %	1.04 %
Distributable cash flow before leverage costs and current taxes	7.20 %	6.51 %	6.24 %	6.26 %	6.05 %
As a percent of average net assets⁽⁵⁾					
Total from investments	14.47 %	12.42 %	11.90 %	12.17 %	11.79 %
Operating expenses before leverage costs and current taxes	1.69 %	1.71 %	1.70 %	1.73 %	1.72 %
Leverage costs and current taxes	2.13 %	1.86 %	1.69 %	1.77 %	1.71 %
Distributable cash flow	10.65 %	8.85 %	8.51 %	8.67 %	8.36 %
Selected Financial Information					
Distributions paid on common stock	\$19,858	\$19,857	\$19,858	\$19,891	\$19,892
Distributions paid on common stock per share	0.4225	0.4225	0.4225	0.4225	0.4225
Distribution coverage percentage for period ⁽⁶⁾	101.0 %	94.8 %	100.5 %	99.1 %	99.5 %
Net realized gain (loss), net of income taxes, for the period	(13,779)	21,730	27,199	14,157	14,896
Total assets, end of period ⁽⁷⁾	1,254,081	1,483,491	1,528,949	1,514,354	1,657,711
Average total assets during period ⁽⁸⁾	1,345,702	1,390,807	1,524,786	1,524,805	1,596,611
Leverage ⁽⁹⁾	431,600	439,900	443,300	440,800	439,700
Leverage as a percent of total assets	34.4 %	29.7 %	29.0 %	29.1 %	26.5 %
Net unrealized appreciation (depreciation), end of period	(52,047)	90,594	112,273	107,907	193,975
Net assets, end of period	757,055	893,988	919,721	904,866	981,071
Average net assets during period ⁽¹⁰⁾	757,446	845,912	932,440	913,726	960,910
Net asset value per common share	16.11	19.02	19.53	19.22	20.84
Market value per common share	15.64	17.82	19.68	18.90	20.49
Shares outstanding (000 s)	47,000	47,000	47,081	47,081	47,081

(1) Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is the period from September through November.

(2) Leverage costs include interest expense, distributions to preferred stockholders and other recurring leverage expenses.

(3) Includes taxes paid on net investment income and foreign taxes, if any. Taxes related to realized gains are excluded from the calculation of Distributable Cash Flow (DCF).

(4) Net investment income (loss), before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF: increased by the return of capital on distributions, the premium on redemption of senior notes and amortization of debt issuance costs; and decreased by current taxes paid on net investment income.

(5) Annualized.

(6) Distributable Cash Flow divided by distributions paid.

(7) Includes deferred issuance and offering costs on senior notes and preferred stock.

(8) Computed by averaging month-end values within each period.

(9) Leverage consists of senior notes, preferred stock and outstanding borrowings under the credit facility.

(10) Computed by averaging daily net assets within each period.

Tortoise Capital Advisors

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Tortoise

Pipeline & Energy Fund, Inc. (TTP)

Fund description

TTP seeks a high level of total return with an emphasis on current distributions paid to stockholders. TTP invests primarily in equity securities of North American pipeline companies that transport natural gas, natural gas liquids (NGLs), crude oil and refined products and, to a lesser extent, in other energy infrastructure companies.

Fund performance review

The fund's market-based and NAV-based returns for the fiscal quarter ending February 28, 2017 were 1.5% and 2.5%, respectively (including the reinvestment of distributions). Comparatively, the Tortoise North American Pipeline IndexSM returned 4.9% for the same period. The fund's positive performance was largely driven by the Trump administration's support of MLPs and other pipeline company projects as well as some companies simplifying their capital structure, thus lowering the cost of capital and improving growth profiles within the segment. However, the fund's exposure to upstream oil and gas producers on which to execute its covered call strategy hindered performance.

First fiscal quarter highlights

Distributions paid per share	\$0.4075
Distribution rate (as of 2/28/2017)	7.6%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in October 2011	\$8.8750
Market-based total return	1.5%
NAV-based total return	2.5%
Premium (discount) to NAV (as of 2/28/2017)	(8.9)%

Please refer to the inside front cover of the report for important information about the fund's distribution policy.

The fund's covered call strategy, which focuses on independent energy companies that are key pipeline transporters, enabled the fund to generate current income. In an attempt to generate the same monthly income, the out-of-the-money percentage was generally flat quarter-over-quarter as volatility was similar. The notional amount of the fund's covered calls averaged approximately 10.0% of total assets, and their out-of-the-money percentage at the time written averaged approximately 7.1% during the fiscal quarter.

Unlike the fund return, index return is pre-expenses.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

Key asset performance drivers

Tallgrass Energy GP, LP	Midstream natural gas/natural gas liquids pipeline MLP	Continued strong distribution growth with visibility to continue dropdowns to its limited partnership
Targa Resources Corp.	Midstream gathering and processing company	Improving commodity prices and a positive outlook for natural gas liquid demand
Williams Partners L.P.	Midstream gathering and processing MLP	Simplification transaction with parent company viewed favorably
Energy Transfer Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Agreement to merge with Sunoco Logistics viewed favorably due to more diversified company and credit profile along with greater clarity on Dakota

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MPLX LP	Midstream gathering and processing MLP	Access Pipeline (DAPL) project Greater strategic clarity on dropdowns and incentive distribution rights (IDRs) restructuring
Enbridge Energy Management, L.L.C. Plains GP Holdings, L.P. EOG Resources, Inc. Concho Resources Inc. Continental Resources, Inc.	Midstream crude oil pipeline company Midstream crude oil pipeline company Upstream liquids producer Upstream liquids producer Upstream liquids producer	Concerns about sustainability of distributions Increased competition for Permian crude oil pipelines and equity offering Concern OPEC may not extend cut to second half of the year Concern OPEC may not extend cut to second half of the year Oil and gas producers with higher leverage got off to a slow start in 2017

(unaudited)

Distributable cash flow and distributions

Distributable cash flow (DCF) is income from investments less expenses. Income from investments includes the amount received as cash or paid-in-kind distributions from common stock, master limited partnerships (MLPs), affiliates of MLPs, and pipeline and other energy companies in which the fund invests, and dividend payments on short-term investments. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out-of-the-money options. The total expenses include current or anticipated operating expenses and leverage costs.

Distributions received from investments decreased approximately 1.5% as compared to 4th quarter 2016, primarily due to the impact of trading activity during the quarter. Operating expenses, consisting primarily of fund advisory fees, increased by 7.0% during the quarter due to higher asset-based fees. Leverage costs increased approximately 1.3% as compared to 4th quarter 2016 due to an increase in interest rates during the quarter. As a result of the changes in income and expenses, DCF decreased by 3.9% as compared to 4th quarter 2016. In addition, the fund had net realized gains on investments of \$2.3 million during 1st quarter 2017.

The fund paid a quarterly distribution of \$0.4075 per share, which was unchanged over the prior quarter and 1st quarter 2016. The fund may designate a portion of its distributions as capital gains and may also distribute additional capital gains in the last calendar quarter of the year if necessary to meet minimum annual distribution requirements and to avoid being subject to excise taxes. The fund's distribution policy is described on the inside front cover of this report. The fund has paid cumulative distributions to stockholders of \$8.8750 per share since its inception in Oct. 2011.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between income from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: (1) the Statement of Operations, in conformity with U.S. generally accepted accounting principles (GAAP), recognizes distributions and dividend income from MLPs, common stock and other investments on their ex-dates, whereas the DCF calculation may reflect distributions and dividend income on their pay dates; (2) GAAP recognizes that a significant portion of the cash distributions received from MLPs, common stock and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; (3) income from investments in the DCF calculation includes the value of dividends paid-in-kind (additional stock or units), whereas such amounts are not included as income for GAAP purposes; and (4) net premiums on options written (premiums received less amounts paid to buy back out-of-the-money options) with expiration dates during the fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses).

Net Investment Income (Loss) on the Statement of Operations is adjusted as follows to reconcile to DCF for 1st quarter 2017 (in thousands):

	1st Qtr 2017
Net Investment Loss	\$ (324)
Adjustments to reconcile to DCF:	
Net premiums on options written	1,275
Distributions characterized as return of capital	2,379
Dividends paid in stock	385
Amortization of debt issuance costs	14
DCF	\$3,729

Leverage

The fund's leverage utilization increased slightly during 1st quarter 2017 and represented 22.0% of total assets at February 28, 2017. The fund has maintained compliance with its applicable coverage ratios. At quarter-end, approximately 77% of the leverage cost was fixed, the weighted-average maturity was 2.8 years and the weighted-average annual rate on leverage was 3.31%. These rates will vary in the future as a result of changing floating rates, utilization of the fund's credit facility and as leverage matures or is redeemed.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage and other important fund information.

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For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions, please visit www.tortoiseadvisors.com.

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Tortoise Capital Advisors

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TTP Key Financial Data (supplemental unaudited information)

(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding Distributable Cash Flow and Selected Financial Information is supplemental non-GAAP financial information, which the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with the full financial statements.

	2016				2017
	Q1 ⁽¹⁾	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾	Q1 ⁽¹⁾
Total Income from Investments					
Dividends and distributions from investments, net of foreign taxes withheld	\$ 3,529	\$ 3,685	\$ 3,855	\$ 3,606	\$ 3,594
Dividends paid in stock	406	421	433	444	385
Net premiums on options written	1,437	1,238	1,219	1,284	1,275
Total from investments	5,372	5,344	5,507	5,334	5,254
Operating Expenses Before Leverage Costs					
Advisory fees, net of fees waived	554	643	742	768	824
Other operating expenses	136	139	144	142	150
	690	782	886	910	974
Distributable cash flow before leverage costs	4,682	4,562	4,621	4,424	4,280
Leverage costs ⁽²⁾	564	536	536	544	551
Distributable Cash Flow⁽³⁾	\$4,118	\$4,026	\$4,085	\$3,880	\$3,729
Net realized gain (loss) on investments and foreign currency translation, for the period	\$ (16,941)	\$ (6,676)	\$ 1,927	\$ 25,178	\$ 2,316
As a percent of average total assets⁽⁴⁾					
Total from investments	9.07%	8.68%	7.83%	7.25%	6.94%
Operating expenses before leverage costs	1.16%	1.27%	1.26%	1.24%	1.29%
Distributable cash flow before leverage costs	7.91%	7.41%	6.57%	6.01%	5.65%
As a percent of average net assets⁽⁴⁾					
Total from investments	14.71%	11.87%	10.10%	9.38%	8.77%
Operating expenses before leverage costs	1.89%	1.74%	1.63%	1.60%	1.63%
Leverage costs	1.54%	1.19%	0.98%	0.96%	0.92%
Distributable cash flow	11.28%	8.94%	7.49%	6.82%	6.22%
Selected Financial Information					
Distributions paid on common stock	\$ 4,082	\$ 4,081	\$ 4,082	\$ 4,082	\$ 4,082
Distributions paid on common stock per share	0.4075	0.4075	0.4075	0.4075	0.4075
Total assets, end of period ⁽⁵⁾	213,999	269,483	286,224	303,989	303,685
Average total assets during period ⁽⁶⁾	238,257	244,963	279,684	295,803	307,063
Leverage ⁽⁷⁾	65,000	65,100	65,000	66,600	66,700
Leverage as a percent of total assets	30.4%	24.2%	22.7%	21.9%	22.0%
Net unrealized appreciation (depreciation), end of period	(75,017)	(5,987)	11,363	6,052	8,983
Net assets, end of period	144,960	202,587	218,368	234,539	235,779
Average net assets during period ⁽⁸⁾	146,835	179,041	216,881	228,681	242,897
Net asset value per common share	14.47	20.23	21.80	23.42	23.54
Market value per common share	12.56	17.37	19.69	21.55	21.45
Shares outstanding (000 s)	10,016	10,016	10,016	10,016	10,016

(1) Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is the period from September through November.

(2) Leverage costs include interest expense, distributions to preferred stockholders and other recurring leverage expenses.

(3) Net investment income (loss) on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow (DCF): increased by net premiums on options written, the return of capital on distributions, the value of paid-in-kind distributions, the premium on redemption of senior notes and amortization of debt issuance costs.

(4) Annualized.

(5) Includes deferred issuance and offering costs on senior notes and preferred stock.

(6) Computed by averaging month-end values within each period.

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(7) Leverage consists of senior notes, preferred stock and outstanding borrowings under the revolving credit facility.

(8) Computed by averaging daily net assets within each period.

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Tortoise

Energy Independence Fund, Inc. (NDP)

Fund description

NDP seeks a high level of total return with an emphasis on current distributions paid to stockholders. NDP invests primarily in equity securities of upstream North American energy companies that engage in the exploration and production of crude oil, condensate, natural gas and natural gas liquids that generally have a significant presence in North American oil and gas fields, including shale reservoirs.

Fund performance review

The fund's market-based and NAV-based returns for the fiscal quarter ending February 28, 2017 were 5.9% and -4.0%, respectively (including the reinvestment of distributions). Comparatively, the Tortoise North American Oil and Gas Producers IndexSM returned -10.6% for the same period. The fund's performance was helped by its exposure to the midstream companies that it holds to execute its covered call strategy. Liquids producers in the Permian and Eagle Ford basins pulled back from their strong performance in 2016. Natural gas producers, particularly those in the Marcellus shale, also detracted from performance due to the weaker prices with warm winter weather.

First fiscal quarter highlights

Distributions paid per share	\$0.4375
Distribution rate (as of 2/28/2017)	10.7%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in July 2012	\$7.8750
Market-based total return	5.9%
NAV-based total return	(4.0)%
Premium (discount) to NAV (as of 2/28/2017)	3.1%

The fund utilizes a covered call strategy, which seeks to generate income while reducing overall volatility. The premium income generated from this strategy helped to lower NAV volatility during the quarter. The notional amount of the fund's covered calls averaged approximately 67.9% of total assets and their out-of-the-money percentage at the time written averaged approximately 8.9% during the fiscal quarter.

Unlike the fund return, index return is pre-expenses.

Performance data quoted represent past performance: past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

Key asset performance drivers

DCP Midstream Partners, LP	Midstream gathering and processing MLP	Improving commodity prices and a positive outlook for natural gas liquid demand
Rice Midstream Partners LP	Midstream gathering and processing MLP	Growing Northeast natural gas production supported infrastructure buildout and purchased through a private investment in public equity offering
Phillips 66 Partners LP	Midstream refined product pipeline MLP	Visibility to strong growth from dropdown asset suite of sponsor
MPLX LP	Midstream gathering and processing MLP	Greater strategic clarity on dropdowns and incentive distribution rights (IDRs) restructuring
Tesoro Logistics LP	Midstream crude oil pipeline MLP	Visibility to strong growth from dropdown asset suite of sponsor

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Enbridge Energy Management, L.L.C.	Midstream crude oil pipeline company	Concerns about sustainability of distributions
SM Energy Company	Upstream oil and natural gas producer	Oil and gas producers with higher leverage got off to slow start in 2017
EQT Corporation	Upstream natural gas producer	Weaker natural gas prices due to warmer winter
Carrizo Oil & Gas Inc.	Upstream oil and natural gas producer	Oil and gas producers with higher leverage got off to a slow start in 2017
Continental Resources, Inc. (unaudited)	Upstream liquids producer	Oil and gas producers with higher leverage got off to a slow start in 2017

Tortoise

Energy Independence Fund, Inc. (NDP) (continued)

Distributable cash flow and distributions

Distributable cash flow (DCF) is income from investments less expenses. Income from investments includes the amount received as cash or paid-in-kind distributions from investments and dividend payments on short-term investments. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out-of-the-money options. The total expenses include current or anticipated operating expenses and leverage costs.

Distributions received from investments increased approximately 3.3% as compared to 4th quarter 2016, primarily due to higher net premiums on options written and the impact of trading activity. Operating expenses, consisting primarily of fund advisory fees, increased approximately 7.1% during the quarter due to higher asset-based fees. Total leverage costs increased approximately 18.4% as compared to 4th quarter 2016, primarily due to an increase in interest rates during the quarter. As a result of the changes in income and expenses, DCF increased by approximately 2.2% as compared to 4th quarter 2016. In addition, the fund had net realized gains on investments of \$5.9 million during 1st quarter 2017.

The fund maintained its quarterly distribution of \$0.4375 per share during 1st quarter 2017, which was equal to the distribution paid in the prior quarter and 1st quarter 2016. The fund may designate a portion of its distributions as capital gains and may also distribute additional capital gains in the last calendar quarter of the year if necessary to meet minimum annual distribution requirements and to avoid being subject to excise taxes. The fund has paid cumulative distributions to stockholders of \$7.8750 per share since its inception in July 2012.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between income from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: (1) the Statement of Operations, in conformity with U.S. generally accepted accounting principles (GAAP), recognizes distributions and dividend income from MLPs, common stock and other investments on their ex-dates, whereas the DCF calculation may reflect distributions and dividend income on their pay dates; (2) GAAP recognizes that a significant portion of the cash distributions received from MLPs, common stock and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; (3) income from investments in the DCF calculation includes the value of dividends paid-in-kind (additional stock or units), whereas such amounts are not included as income for GAAP purposes; and (4) net premiums on options written (premiums received less amounts paid to buy back out-of-the-money options) with expiration dates during fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses).

Net Investment Income (Loss) on the Statement of Operations is adjusted as follows to reconcile to DCF for 1st quarter 2017 (in thousands):

	1st Qtr 2017
Net Investment Loss	\$ (882)
Adjustments to reconcile to DCF:	
Net premiums on options written	5,749
Distributions characterized as return of capital	1,161
Dividends paid in stock	299
DCF	\$ 6,327

Leverage

The fund's leverage utilization increased approximately 2.0% as compared to 4th quarter 2016. The fund utilizes all floating rate leverage that had an interest rate of 1.59% and represented 21.9% of total assets at quarter-end. The fund has maintained compliance with its applicable coverage ratios. The interest rate on the fund's leverage will vary in the future along with changing floating rates.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage and other important fund information.

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For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions, please visit www.tortoiseadvisors.com.

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NDP Key Financial Data (supplemental unaudited information)
(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding Distributable Cash Flow and Selected Financial Information is supplemental non-GAAP financial information, which the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with the full financial statements.

	2016				2017
	Q1 ⁽¹⁾	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾	Q1 ⁽¹⁾
Total Income from Investments					
Distributions and dividends from investments, net of foreign taxes withheld	\$ 1,694	\$ 1,615	\$ 1,457	\$ 1,363	\$ 1,494
Dividends paid in stock	268	278	285	293	299
Net premiums on options written	5,531	6,090	5,863	5,645	5,749
Total from investments	7,493	7,983	7,605	7,301	7,542
Operating Expenses Before Leverage Costs					
Advisory fees, net of fees waived	586	661	737	749	820
Other operating expenses	134	161	174	151	144
	720	822	911	900	964
Distributable cash flow before leverage costs	6,773	7,161	6,694	6,401	6,578
Leverage costs ⁽²⁾	181	191	199	212	251
Distributable Cash Flow⁽³⁾	\$ 6,592	\$ 6,970	\$ 6,495	\$ 6,189	\$ 6,327
Net realized gain (loss) on investments and foreign currency translation, for the period	\$ (7,899)	\$ (23,227)	\$ (690)	\$ 4,490	\$ 5,898
As a percent of average total assets⁽⁴⁾					
Total from investments	11.88%	12.02%	10.29%	9.58%	9.86%
Operating expenses before leverage costs	1.14%	1.24%	1.23%	1.18%	1.26%
Distributable cash flow before leverage costs	10.74%	10.78%	9.06%	8.40%	8.60%
As a percent of average net assets⁽⁴⁾					
Total from investments	17.11%	15.67%	13.00%	12.31%	12.36%
Operating expenses before leverage costs	1.64%	1.61%	1.56%	1.52%	1.58%
Leverage costs	0.41%	0.37%	0.34%	0.36%	0.41%
Distributable cash flow	15.06%	13.69%	11.10%	10.43%	