

Salient Midstream & MLP Fund  
Form N-Q  
April 29, 2016

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS**  
**OF REGISTERED MANAGEMENT INVESTMENT COMPANY**

**Investment Company Act file number 811-22626**

**Salient Midstream & MLP Fund**

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

**4265 SAN FELIPE, 8<sup>TH</sup> FLOOR, HOUSTON, TX 77027**

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

**Gregory A. Reid**

**Salient Midstream & MLP Fund**

**4265 San Felipe, 8<sup>th</sup> Floor**

**Houston, TX 77027**

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

**With a copy to:  
George J. Zornada**

**K & L Gates LLP**

**State Street Financial Center**

**One Lincoln St.**

**Boston, MA 02111-2950**

**(617) 261-3231**

**Registrant's telephone number, including area code: 713-993-4675**

**Date of fiscal year end: 11/30/16**

**Date of reporting period: 02/29/16**

**Item 1. Schedule of Investments.**

**SALIENT MIDSTREAM & MLP FUND****Consolidated Schedule of Investments**

February 29, 2016

(Unaudited)

	Shares/Units	Fair Value
<b>Master Limited Partnerships and Related Companies-140.8%</b>		
<b>Diversified Energy-55.0%</b>		
<b>United States-55.0%</b>		
Enable Midstream Partners, LP <sup>(1)(2)</sup>	520,561	\$ 3,019,254
Enbridge Energy Management, L.L.C. <sup>(1)(2)(3)</sup>	1,030,979	17,207,040
Energy Transfer Partners, L.P. <sup>(1)(2)</sup>	281,523	7,508,218
NGL Energy Partners LP <sup>(1)(2)</sup>	752,993	6,091,713
ONEOK, Inc. <sup>(1)</sup>	762,488	18,299,712
SemGroup Corporation <sup>(1)</sup>	158,130	3,004,470
The Williams Companies, Inc. <sup>(1)</sup>	1,096,259	17,529,181
Williams Partners L.P. <sup>(1)(2)</sup>	100,691	1,985,627
		74,645,215
<b>Energy Equipment &amp; Services-0.9%</b>		
<b>United States-0.9%</b>		
Archrock Partners, L.P. <sup>(1)(2)</sup>	183,715	1,256,611
		1,256,611
<b>Gathering &amp; Processing-19.8%</b>		
<b>United States-19.8%</b>		
American Midstream Partners, LP <sup>(2)</sup>	409,811	2,081,840
EnLink Midstream Partners, LP <sup>(1)(2)</sup>	196,011	1,799,381
EnLink Midstream, LLC <sup>(1)</sup>	564,066	4,721,232
Summit Midstream Partners, LP <sup>(1)(2)</sup>	415,744	5,246,689
Targa Resources Corp. <sup>(1)</sup>	349,301	9,389,212
Western Gas Partners, LP <sup>(1)(2)</sup>	92,144	3,612,966
		26,851,320
<b>Liquids Transportation &amp; Storage-20.8%</b>		
<b>United Kingdom-4.8%</b>		
VTTI Energy Partners LP <sup>(1)(2)</sup>	355,993	6,493,312
<b>United States-16.0%</b>		
ARC Logistics Partners LP <sup>(2)</sup>	245,620	3,030,951
Buckeye Partners, L.P. <sup>(2)</sup>	34,925	2,247,773

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Plains GP Holdings, L.P., Class A <sup>(1)</sup>	1,897,767	14,423,029
Rose Rock Midstream, L.P. <sup>(2)</sup>	207,533	2,073,255
		21,775,008
		28,268,320
<b>Natural Gas Gathering/Processing-18.4%</b>		
<b>United States-18.4%</b>		
MarkWest Utica EMG, L.L.C. <sup>(2)(4)(5)(6)(7)</sup>	16,000,000	24,262,000
Midcoast Energy Partners, L.P. <sup>(2)</sup>	197,951	837,333
		25,099,333
<b>Natural Gas Pipelines &amp; Storage-1.9%</b>		
<b>United States-1.9%</b>		
Tallgrass Energy GP, LP <sup>(1)(2)</sup>	163,575	2,612,293
		2,612,293
<b>Refining &amp; Marketing-1.7%</b>		
<b>United States-1.7%</b>		
Calumet Specialty Products Partners, L.P. <sup>(1)(2)</sup>	245,072	2,379,649
		2,379,649

See accompanying Notes to Consolidated Schedule of Investments.

**SALIENT MIDSTREAM & MLP FUND****Consolidated Schedule of Investments, continued**

February 29, 2016

(Unaudited)

	Shares/Units	Fair Value
<b>Tankers-11.0%</b>		
<b>Bermuda-4.7%</b>		
Golar LNG Partners L.P. <sup>(1)(2)</sup>	442,095	\$ 6,454,587
<b>Republic of the Marshall Islands-1.9%</b>		
Dynagas LNG Partners LP <sup>(2)</sup>	239,947	2,229,107
Teekay Offshore Partners L.P. <sup>(2)</sup>	141,510	418,870
		2,647,977
<b>United States-4.4%</b>		
Capital Product Partners L.P. <sup>(2)</sup>	1,796,361	6,017,809
		15,120,373
<b>Transportation Infrastructure-6.5%</b>		
<b>United States-6.5%</b>		
Macquarie Infrastructure Company LLC <sup>(1)</sup>	144,620	8,829,051
		8,829,051
<b>Utilities-4.8%</b>		
<b>United States-4.8%</b>		
NRG Yield, Inc., Class A <sup>(1)</sup>	309,006	3,825,494
NRG Yield, Inc., Class C <sup>(1)</sup>	206,802	2,702,902
		6,528,396
Total Master Limited Partnerships and Related Companies (Cost \$283,458,584)		191,590,561
	<b>Principal Amount</b>	
<b>Convertible Bond-0.1%</b>		
<b>Natural Gas Gathering/Processing-0.1%</b>		
<b>United States-0.1%</b>		
American Energy-Utica, LLC, 3.50%, 03/01/2021 <sup>(8)</sup>	\$ 2,035,000	111,925

Total Convertible Bond (Cost \$2,035,000)	111,925
<b>Total Investments-140.9% (Cost \$285,493,584)</b>	<b>191,702,486</b>
<b>Credit Facility-(39.2)%</b>	<b>(53,289,219)</b>
<b>Other Assets and Liabilities-(1.7)%</b>	<b>(2,327,291)</b>
<b>Total Net Assets Applicable to Common Shareholders-100.0%</b>	<b>\$ 136,085,976</b>

All percentages disclosed are calculated by dividing the indicated amounts by net assets applicable to common shareholders.

- (1) All or a portion of these securities are held as collateral for the line of credit agreement. As of February 29, 2016 the total fair value of securities held as collateral for the line of credit agreement is \$147,637,631.
- (2) Non-income producing security.
- (3) Distributions are paid-in-kind.
- (4) Securities have been fair valued in good faith using fair value procedures approved by the Board of Trustees and represent 17.8% of net assets applicable to common shareholders. See notes to Consolidated Schedule of Investments for further information.

See accompanying Notes to Consolidated Schedule of Investments.

**SALIENT MIDSTREAM & MLP FUND**

**Consolidated Schedule of Investments, continued**

**February 29, 2016**

**(Unaudited)**

- (5) Security is indirectly held by EMG Utica I Offshore Co-Investment, LP. ( EMG Utica ). See footnote 1 in the notes to Consolidated Schedule of Investments for further information.
- (6) EMG Utica has been deemed illiquid by the Adviser based on procedures approved by the Board of Trustees and represents 17.8% of net assets applicable to common shareholders. See footnote 2(g) in the notes to Consolidated Schedule of Investments for further information.
- (7) EMG Utica is a restricted security exempt from registration under the Securities Act of 1933. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. See footnote 2(g) in the notes to Consolidated Schedule of Investments for further information.
- (8) Security exempt from registration under Rule 144A of the Securities Act of 1933. This security may be sold in transactions exempt from registration, normally to qualified institutional buyers. At February 29, 2016, the value of this security was \$111,925, representing 0.1% of net assets. This security has been deemed liquid based on procedures approved by the Board of Trustees.

See accompanying Notes to Consolidated Schedule of Investments.



**SALIENT MIDSTREAM & MLP FUND****Consolidated Schedule of Investments, continued****February 29, 2016****(Unaudited)**

Salient Midstream & MLP Fund invested in the following industries as of February 29, 2016:

	<b>Value</b>	<b>% of Total Investments</b>
Diversified Energy	\$ 74,645,215	38.9%
Energy Equipment & Services	1,256,611	0.7%
Gathering & Processing	26,851,320	14.0%
Liquids Transportation & Storage	28,268,320	14.7%
Natural Gas Gathering/Processing	25,211,258	13.2%
Natural Gas Pipelines & Storage	2,612,293	1.4%
Refining & Marketing	2,379,649	1.2%
Tankers	15,120,373	7.9%
Transportation Infrastructure	8,829,051	4.6%
Utilities	6,528,396	3.4%
<b>Total</b>	<b>\$ 191,702,486</b>	<b>100.0%</b>

Salient Midstream & MLP Fund invested in securities with exposure to the following countries as of February 29, 2016:

	<b>Value</b>	<b>% of Total Investments</b>
Bermuda	\$ 6,454,587	3.4%
Republic of the Marshall Islands	2,647,977	1.4%
United Kingdom	6,493,312	3.4%
United States	176,106,610	91.8%
<b>Total</b>	<b>\$ 191,702,486</b>	<b>100.0%</b>

See accompanying Notes to Consolidated Schedule of Investments.



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**SALIENT MIDSTREAM & MLP FUND**

**Notes to Consolidated Schedule of Investments**

**February 29, 2016**

**(Unaudited)**

**(1) ORGANIZATION**

Salient Midstream & MLP Fund (the Fund ), a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the 1940 Act ), commenced operations on May 24, 2012 as a non-diversified, closed-end management investment company. The Fund is authorized to issue an unlimited number of common shares of beneficial interest ( Common Shares ), which may be issued in more than one class or series. The Fund s Common Shares are listed on the New York Stock Exchange ( NYSE ) under the symbol SMM .

The Fund s objective is to provide a high level of total return with an emphasis on making quarterly cash distributions to its common shareholders. The Fund seeks to achieve its investment objective by investing at least 80% of its total assets in securities of midstream companies and master limited partnerships ( MLPs ).

The board of trustees (each member thereof a Trustee and, collectively the Board ) is authorized to engage an investment adviser, and pursuant to an investment management agreement (the Investment Management Agreement ), it has selected Salient Capital Advisors, LLC (the Adviser ) to manage the Fund s portfolio and operations. The Adviser is a Texas limited liability company that is registered as an investment adviser under the Investment Advisers Act of 1940, as amended. Under the Investment Management Agreement, the Adviser is responsible for the establishment of an investment committee (the Investment Committee ), which is responsible for developing, implementing, and supervising the Fund s investment program subject to the ultimate supervision of the Board.

Under the Fund s organizational documents, the Fund s Trustees and officers are indemnified against certain liabilities arising out of the performance of their duties with respect to the Fund. In addition, in the normal course of business, the Fund enters into contracts with vendors and others that provide general indemnification. The Fund s maximum exposure under these arrangements is unknown as this would involve any future potential claims that may be made against the Fund. However, based on experience, management expects that risk of loss to be remote.

The Fund may invest up to 25% of its total assets in Salient Midstream & MLP Fund, Inc., a wholly owned subsidiary (the C-Corp Subsidiary ). The C-Corp Subsidiary, which is organized under the laws of the state of Delaware, is controlled by the Fund, and is therefore consolidated in the Fund s Consolidated Schedule of Investments. The Fund invested in the C-Corp Subsidiary in order to gain additional exposure to the investment returns of the MLP markets, within the limitations of the federal tax law requirements applicable to regulated investment companies ( RIC ). Where the context requires, the Fund includes both the Fund and the C-Corp Subsidiary. In December 2015, the Adviser recommended, and the Board approved, a plan of liquidation of the C-Corp Subsidiary (the Plan ). As of January 21, 2016, all investments held by the C-Corp Subsidiary have been sold. Pursuant to the Plan, the C-Corp Subsidiary will cease operations and simultaneously transfer its other assets and liabilities to the Fund.

The Fund also owns 100% of the limited partnership interests of EMG Utica I Offshore Co-Investment, L.P. ( EMG Utica ). EMG Utica is considered a variable interest entity ( VIE ) because the Fund, as the limited partner, lacks the power to direct the activities of EMG Utica, as that resides with EMG Utica Co-Investment GP, LLC, the general partner for EMG Utica. For



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**SALIENT MIDSTREAM & MLP FUND**

**Notes to Consolidated Schedule of Investments, continued**

**February 29, 2016**

**(Unaudited)**

purposes of consolidation, management believes the Fund is the primary beneficiary as it owns 100% of EMG Utica. EMG Utica holds a non-controlling underlying interest in MarkWest Utica EMG, L.L.C., which is a joint venture between MarkWest Energy Partners, L.P. ( MarkWest ) and The Energy and Minerals Group ( EMG ). MarkWest is a U.S. domiciled publicly traded master limited partnership in the natural gas gathering, processing and transportation business. EMG is a wholly owned subsidiary of MPLX LP (NYSE: MPLX) and a private investment firm that targets equity investments in the energy and minerals sector. The Fund has a controlling financial interest in EMG Utica, and has therefore consolidated EMG Utica in the Fund's Consolidated Schedule of Investments.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**

**(a) BASIS OF ACCOUNTING**

The Consolidated Schedule of Investments has been prepared in conformity with generally accepted accounting principles in the United States of America ( U.S. GAAP ) and reflects the financial position of the Fund and its Subsidiaries on a consolidated basis. All intercompany accounts and transactions have been eliminated in consolidation. The Fund and Subsidiaries are investment companies and follow the investment company accounting and reporting guidance under Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) Topic 946, Financial Services-Investment Companies .

**(b) CASH EQUIVALENTS**

The Fund considers all unpledged temporary cash investments with a maturity date at the time of purchase of three months or less to be cash equivalents.

**(c) PORTFOLIO SECURITIES TRANSACTIONS**

Security transactions are accounted for on a trade date basis. Realized gains and losses are reported using the specific identification cost basis.

**(d) INVESTMENT VALUATION**

The valuation of the Fund's investments is determined each day based on the most recent close of regular session trading on the NYSE and reported by Citi Fund Services Ohio, Inc., the Fund's independent administrator ( Administrator ).

The Board has formed a valuation committee (the Board Valuation Committee ) that is responsible for overseeing the Fund's valuation policies, making recommendations to the Board on valuation-related matters, and overseeing implementation by the Adviser of the Fund's valuation policies.

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The Board has authorized the Adviser to establish a valuation committee of the Adviser ( Adviser Valuation Committee ). The Adviser Valuation Committee s function, subject to oversight of the Board Valuation Committee and the Board, is generally to review the Fund s valuation methodologies, valuation determinations, and any information provided to the Adviser Valuation Committee by the Adviser or the Administrator.

To the extent that the price of a security cannot be determined applying the methods described below, the Adviser Valuation Committee in conjunction with the Administrator will determine the price of the security pursuant to the fair value procedures approved by the Board.

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**SALIENT MIDSTREAM & MLP FUND**

**Notes to Consolidated Schedule of Investments, continued**

**February 29, 2016**

**(Unaudited)**

Investments held by the Fund are valued as follows:

**SECURITIES LISTED ON A SECURITIES EXCHANGE OR OVER-THE-COUNTER EXCHANGES** In general, the Fund values those securities at their last sales price on the exchange or over-the-counter market on the valuation date. If the security is listed on more than one exchange, the Fund uses the price from the exchange that it considers to be the principal exchange on which the security is traded. If there have been no sales for that day on the exchange where the security is principally traded, then the price of the security will be valued at the mean between the closing bid and ask prices on the valuation date. Securities listed on the NASDAQ National Market System ( NASDAQ ) will be valued at the NASDAQ Official Closing Price on the valuation date, which may not necessarily represent the last sale price.

**PUBLICLY-TRADED EQUITY SECURITIES ACQUIRED IN A DIRECT PLACEMENT TRANSACTION** Such securities may be subject to restrictions on resale that can affect the security's liquidity and fair value. Such securities that are convertible or otherwise will become freely tradable will be valued based on the market value of the freely tradable security less an applicable restriction discount. Generally, the discount will initially be equal to the discount at which the Fund purchased the securities and thereafter will be periodically reassessed and likely reduced over the anticipated restricted period. Equity securities are typically categorized as Level 1 or Level 2 in the fair value hierarchy, based upon inputs utilized in determining the value of such securities.

**DERIVATIVES** Exchange traded futures contracts are valued using quoted final settlement prices from the national exchange on which they are principally traded and are typically categorized as Level 1 in the fair value hierarchy. If no such price is reported by such exchange on the valuation date, the Adviser Valuation Committee will determine the fair value in good faith using information that is available at such time. Such fair valued investments are typically categorized as Level 2 or Level 3 in the fair value hierarchy, based upon the inputs used to value the investments.

Options that are listed on a securities exchange are generally valued on the valuation date at the closing mid of the posted market on the exchange on which they are listed and are typically categorized as Level 1 in the fair value hierarchy. If on the valuation date the primary exchange is closed, the prior day price will be used. If no such price is reported, the fair value of such options will be determined in good faith using industry standard pricing models utilizing publicly available input information on the valuation date. Such fair valued investments are typically categorized as Level 2 or Level 3 in the fair value hierarchy, based upon the inputs used to value the investments.

Options traded on an over-the-counter market are generally valued using the midpoint of the closing bid and ask prices provided by an independent pricing service. If a quotation is not available from the independent pricing service,

the price is obtained from a broker (typically counterparty to the option) on the valuation date. If no such price is available on the valuation date, the Adviser Valuation Committee in conjunction with the Administrator will determine the fair value of such options in good faith using information that is available at such time. Such fair valued options are typically categorized as Level 2 or Level 3 in the fair value hierarchy, based upon the inputs used to value the investments.



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**SALIENT MIDSTREAM & MLP FUND**

**Notes to Consolidated Schedule of Investments, continued**

**February 29, 2016**

**(Unaudited)**

Non exchange-traded derivatives, such as swap agreements, are valued based on procedures approved by the Board and are typically categorized as Level 2 in the fair value hierarchy. Credit default swaps and total return swaps are generally fair valued using evaluated quotes provided by an independent pricing service. If a quotation is not available from the independent pricing service, the price is obtained from a broker (typically the counterparty to the swap agreement) on the valuation date.

**SECURITIES NOT ACTIVELY TRADED** The value of securities, derivatives or synthetic securities that are not actively traded on an exchange are determined by obtaining quotes from brokers that normally deal in such securities or by an unaffiliated pricing service that may use actual trade data or procedures using market indices, matrices, yield curves, specific trading characteristics of certain groups of securities, pricing models or a combination of these procedures. In each of these situations, valuations are typically categorized as Level 2 in the fair value hierarchy. Securities for which independent pricing services are not available are valued pursuant to the valuation procedures approved by the Board and are typically categorized as Level 2 or Level 3 in the fair value hierarchy, based upon the inputs used to value the investments.

**OTHER** Investments in private placement securities and other securities for which market quotations are not readily available will be valued in good faith by using fair value procedures approved by the Board. Such fair value procedures may consider among other factors discounts to publicly traded issues, time until conversion date, securities with similar yields, quality, type of issue, coupon, duration and rating, and an analysis of the issuer's financial statements and reports. Valuation techniques such as the market approach and/or income approach may be used when sufficient and reliable data is available. If events occur that affect the value of the Fund's securities before the net asset value has been calculated, the securities so affected will generally be priced using fair value procedures. Such investments are typically categorized as Level 2 or Level 3 in the fair value hierarchy, based upon the inputs used to value the investments.

***(e) FOREIGN CURRENCY***

The accounting records of the Fund are maintained in U.S. dollars. Foreign currency amounts and investments denominated in a foreign currency, if any, are translated into U.S. dollar amounts at current exchange rates on the valuation date. Purchases and sales of investments denominated in foreign currencies are translated into U.S. dollar amounts at the exchange rate on the respective dates of such transactions.

***(f) MASTER LIMITED PARTNERSHIPS***

Entities commonly referred to as MLPs are generally organized under state law as limited partnerships or limited liability companies. The Fund and C-Corp Subsidiary invest in MLPs receiving partnership taxation treatment under

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the Internal Revenue Code of 1986, as amended (the Code ), and whose interests or units are traded on securities exchanges like shares of corporate stock. To be treated as a partnership for U.S. federal income tax purposes, an MLP

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**SALIENT MIDSTREAM & MLP FUND**

**Notes to Consolidated Schedule of Investments, continued**

**February 29, 2016**

**(Unaudited)**

whose units are traded on a securities exchange must receive at least 90% of its income from qualifying sources such as interest, dividends, real property rents, gains on dispositions of real property, income and gains from mineral or natural resources activities, income and gains from the transportation or storage of certain fuels, and, in certain circumstances, income and gains from commodities or futures, forwards and options on commodities. Mineral or natural resources activities include exploration, development, production, processing, mining, refining, marketing and transportation (including pipelines) of oil and gas, minerals, geothermal energy, fertilizer, timber or industrial source carbon dioxide. An MLP consists of a general partner and limited partners (or in the case of MLPs organized as limited liability companies, a managing member and members).

The general partner or managing member typically controls the operations and management of the MLP and has an ownership stake in the partnership or limited liability company. The limited partners or members, through their ownership of limited partner or member interests, provide capital to the entity, are intended to have no role in the operation and management of the entity and receive cash distributions. The Fund's investments in MLPs consist only of limited partner or member interest ownership. The MLPs themselves generally do not pay U.S. federal income taxes. Thus, unlike investors in corporate securities, direct MLP investors are generally not subject to double taxation (i.e., corporate level tax and tax on corporate dividends). Currently, most MLPs operate in the energy and/or natural resources sector.

***(g) RESTRICTED AND ILLIQUID SECURITIES***

The Fund may invest up to 30% of its total assets in unregistered or otherwise restricted securities of which up to 10% may be in securities of privately held companies. A restricted security is a security which has been purchased through a private offering and cannot be resold to the general public without prior registration under the Securities Act of 1933 (the 1933 Act) or pursuant to the resale limitations provided by Rule 144 under the 1933 Act, or an exemption from the registration requirements of the 1933 Act. Illiquid securities are securities that cannot be sold or disposed of within a reasonable amount of time in the ordinary course of business. Certain restricted securities may be resold in transactions exempt from registration, normally to qualified institutional buyers, and may be deemed liquid by the Adviser based on procedures approved by the Board. Therefore, not all restricted securities are considered illiquid.

The restricted securities held at February 29, 2016 are identified below and are also presented in the Fund's Consolidated Schedule of Investments.

**SALIENT MIDSTREAM & MLP FUND****Notes to Consolidated Schedule of Investments, continued****February 29, 2016****(Unaudited)**

<b>Security</b>	<b>% of Net Assets</b>	<b>Acquisition Date<sup>^</sup></b>	<b>Shares/Units</b>	<b>Cost</b>	<b>Fair Value</b>
MarkWest Utica EMG, L.L.C. *	17.8%	2/22/13	16,000,000	\$ 16,000,000	\$ 24,262,000
<b>Total Restricted Securities</b>	17.8%			\$ 16,000,000	\$ 24,262,000

<sup>^</sup> The date the Fund acquired EMG Utica, which invested proceeds into MarkWest Utica EMG, L.L.C.

\* EMG Utica has been deemed illiquid by the Adviser based on procedures approved by the Board. MarkWest Utica EMG, L.L.C. is held by the Fund through EMG Utica.

**(h) USE OF ESTIMATES**

The Consolidated Schedule of Investments has been prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions relating to the reported amounts of assets and liabilities in the Consolidated Schedule of Investments. Actual results may differ from those estimates and such differences may be significant.

**(i) DERIVATIVE INSTRUMENTS**

The Fund may invest in derivatives in order to meet its investment objectives. The risk in using derivatives varies depending upon the structure of the instruments. All open derivative positions at period end, if any, are presented in the Fund's Consolidated Schedule of Investments. The following is a description of the derivative instruments that the Fund has utilized as part of its investment strategy, including the primary underlying risk exposures related to each instrument type.

**OPTIONS** The Fund may write equity call options with the purpose of generating realized gains from premiums as a means to enhance distributions to the Fund's common shareholders. Options are secured by investments, as detailed in the Fund's Consolidated Schedule of Investments. A call option on a security is a contract that gives the holder of such call option the right to buy the security underlying the call option from the writer of such call option at a specified price at any time during the term of the option. At the time the call option is sold, the writer of a call option receives a premium from the buyer of such call option. If the Fund writes a call option, it will have the obligation upon exercise of such call option to deliver the underlying security upon payment of the exercise price. As the writer of a covered call option, during the option's life, the Fund gives up the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but the Fund retains the risk of loss should the price of the underlying security decline.

**SALIENT MIDSTREAM & MLP FUND**

**Notes to Consolidated Schedule of Investments, continued**

**February 29, 2016**

**(Unaudited)**

The Fund had the following transactions in written call options during the period ended February 29, 2016:

**Number of**