

ClearBridge Energy MLP Total Return Fund Inc.

Form N-CSRS

July 24, 2015

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**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 811-22693**

**ClearBridge Energy MLP Total Return Fund**

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

**620 Eighth Avenue 49<sup>th</sup> Floor, New York, NY 10018**

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

**Robert I. Frenkel, Esq.**

**Legg Mason & Co., LLC**

**100 First Stamford Place,**

**Stamford, CT 06902**

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

**Registrant's telephone number, including area code: (888) 777-0102**

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

**Date of reporting period: May 31, 2015**

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ITEM 1. REPORT TO STOCKHOLDERS.

The **Semi-Annual** Report to Stockholders is filed herewith.

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Semi-Annual Report

May 31, 2015

CLEARBRIDGE

ENERGY MLP TOTAL

RETURN FUND INC. (CTR)

INVESTMENT PRODUCTS: NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

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### **Fund objective**

The Fund's investment objective is to provide a high level of total return, consisting of cash distributions and capital appreciation.

The Fund seeks to achieve its objective by investing primarily in energy master limited partnerships (MLPs).

## **Letter from the chairman**

### **Dear Shareholder,**

We are pleased to provide the semi-annual report of ClearBridge Energy MLP Total Return Fund Inc. for the six-month reporting period ended May 31, 2015. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, [www.lmcef.com](http://www.lmcef.com). Here you can gain immediate access to market and investment information, including:

Fund prices and performance,

Market insights and commentaries from our portfolio managers, and

A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

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Kenneth D. Fuller

Chairman, President and Chief Executive Officer

June 26, 2015

II ClearBridge Energy MLP Total Return Fund Inc.

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## Investment commentary

### Economic review

The U.S. economy expanded moderately during the six months ended May 31, 2015 (the reporting period). While the U.S. Department of Commerce reported that third quarter 2014 U.S. gross domestic product (GDP) growth was a strong 5.0%, fourth quarter 2014 GDP growth slowed to a more modest 2.2%. The deceleration in growth primarily reflected an upturn in imports, a downturn in federal government spending and moderating nonresidential fixed investment. In addition, the U.S. Department of Commerce reported that first quarter 2015 GDP growth was -0.2%. This downturn was attributed to a number of factors, including a deceleration in personal consumption expenditures, along with negative contributions from exports, nonresidential fixed investment, and state and local government spending.

Activity in the U.S. manufacturing sector also moderated during the reporting period. Based on the Institute for Supply Management's Purchasing Managers Index (PMI), U.S. manufacturing expanded during all six months of the reporting period (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). After a reading of 55.1 in December 2014, the PMI generally decelerated over much of the reporting period and the PMI was 52.8 in May 2015.

The labor market was a moderate tailwind for the economy during the reporting period. When the period began, unemployment was 5.6%, as reported by the U.S. Department of Labor. By May 2015, unemployment was 5.5%, close to its lowest level since May 2008.

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## Investment commentary (cont d)

### Market review

#### **Q. How did the Federal Reserve Board ( Fed<sup>ii</sup> ) respond to the economic environment?**

**A.** The Fed took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As it has since December 2008, the Fed maintained the federal funds rate<sup>iv</sup> at a historically low range between zero and 0.25%. The Fed ended its asset purchase program that was announced in December 2012. In December 2014, the Fed said that it can be patient in beginning to normalize the stance of monetary policy. At its meeting that ended on April 29, 2015, the Fed said, economic growth slowed during the winter months, in part reflecting transitory factors. Finally, at its meeting that concluded on June 17, 2015, after the reporting period ended, the Fed said, The Committee currently anticipates that, even after employment and inflation are near mandate-consistent levels, economic conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.

#### **Q. What factors impacted the U.S. stock market during the reporting period?**

**A.** The U.S. stock market gained modestly over the six months ended May 31, 2015. After trading water in December 2014, the market fell sharply in January 2015. This setback was triggered by concerns over global growth and geopolitical issues. The market then moved sharply higher in February given strong investor risk appetite. After another bout of weakness in March, the market posted positive returns in April and May. All told, for the six months ended May 31, 2015, the S&P 500 Index<sup>v</sup> gained 2.97%.

Looking at the U.S. stock market more closely, small-cap stocks generated the best returns, with the Russell 2000 Index<sup>vi</sup> returning 6.94% during the reporting period. Large-cap stocks, as measured by the Russell 1000 Index<sup>vii</sup>, returned 3.41% and mid-cap stocks, as measured by the Russell Midcap Index<sup>viii</sup> rose 4.74%. From an investment style perspective, growth and value stocks, as measured by the Russell 3000 Growth<sup>ix</sup> and Russell 3000 Value<sup>x</sup> Indices, returned 5.15% and 2.14%, respectively, during the six months ended May 31, 2015.

Looking at the energy master limited partnership ( MLP ) market, over the six months ended May 31, 2015, the Alerian MLP Index<sup>xi</sup> declined 8.42% compared to the 2.97% return of the S&P 500 Index. After outperforming the broader market for the first half of 2014, the Alerian MLP Index sold off as oil prices collapsed from above \$100 per barrel to the March 2015 lows of around \$40 per barrel. The correction in the index surprised many investors given the fee-based nature of MLPs. While the speed and magnitude of the decline were noteworthy, it is worth remembering that MLP stocks entered the oil correction at all-time highs and these demanding valuations left MLPs vulnerable. Given a precipitous decline in oil prices, we have witnessed a reduction in capital expenditures, starting in the Exploration and Production ( E&P ) segment of the market. This, in turn, has caused many management teams of midstream MLPs to lower their own growth forecasts. In the short term, MLP stocks may continue to fluctuate. But, over the long term, we believe MLP share prices will be driven by the companies fundamentals and their ability to grow distributions to investors. Despite the



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collapse in oil prices, we expect MLPs will continue to grow their distributions in 2015 and beyond. Our view that the MLP landscape will continue to evolve and expand over the long-term remains unchanged.

**Performance review**

For the six months ended May 31, 2015, ClearBridge Energy MLP Total Return Fund Inc. returned -4.34% based on its net asset value ( NAV<sup>ii</sup>) and -5.69% based on its New York Stock Exchange ( NYSE ) market price per share. The Lipper Energy MLP Closed-End Funds Category Average<sup>xiii</sup> returned -8.12% over the same time frame. Please note that Lipper performance returns are based on each fund s NAV.

During this six-month period, the Fund made distributions to shareholders totaling \$0.69 per share. As of May 31, 2015, the Fund estimates that 22% of the distributions were sourced from net investment income and 78% constituted a return of capital.\* The performance table shows the Fund s six-month total return based on its NAV and market price as of May 31, 2015. **Past performance is no guarantee of future results.**

**Performance Snapshot as of May 31, 2015  
(unaudited)**

|                        |                           |
|------------------------|---------------------------|
|                        | 6-Month<br>Total Return** |
| Price Per Share        |                           |
| \$22.68 (NAV)          | -4.34%                    |
| \$20.14 (Market Price) | -5.69%                    |

**All figures represent past performance and are not a guarantee of future results. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.**

**\*\* Total returns are based on changes in NAV or market price, respectively. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.**

**Total return assumes the reinvestment of all distributions, including returns of capital, if any, at NAV.**

**Total return assumes the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund s Dividend Reinvestment Plan.**

**Looking for additional information?**

The Fund is traded under the symbol CTR and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol XCTR on most financial websites. *Barron s* and the *Wall Street Journal s* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as www.lmcef.com.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund s current NAV, market price and other information.

Thank you for your investment in ClearBridge Energy MLP Total Return Fund Inc. As

\*These estimates are not for tax purposes. The Fund will issue a Form 1099 with final composition of the distributions for tax purposes after year-end. A return of capital is not taxable and results in a reduction in the tax basis of a shareholder s investment. For more information about a distribution s composition, please refer to the Fund s distribution press release or, if applicable, the Section 19 notice located in the press release section of our website, www.lmcef.com.

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## Investment commentary (cont d)

always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund's investment goals.

Sincerely,

Kenneth D. Fuller

Chairman, President and

Chief Executive Officer

June 26, 2015

***RISKS:** All investments are subject to risk, including the risk of loss. MLP distributions are not guaranteed and there is no assurance that all distributions will be tax deferred. Investments in MLP securities are subject to unique risks. The Fund's concentration of investments in energy related MLPs subject it to the risks of MLPs and the energy sector, including the risks of declines in energy and commodity prices, decreases in energy demand, adverse weather conditions, natural or other disasters, changes in government regulation, and changes in tax laws. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder's risk of loss. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. The Fund may invest in small capitalization or illiquid securities which can increase the risk and volatility of the Fund.*

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

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- <sup>i</sup> Gross domestic product ( GDP ) is the market value of all final goods and services produced within a country in a given period of time.
- <sup>ii</sup> The Institute for Supply Management's PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the U.S. manufacturing sector.
- <sup>iii</sup> The Federal Reserve Board ( Fed ) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- <sup>iv</sup> The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- <sup>v</sup> The S&P 500 Index is an unmanaged index of 500 stocks and is generally representative of the performance of larger companies in the U.S.
- <sup>vi</sup> The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the U.S. equity market.
- <sup>vii</sup> The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.
- <sup>viii</sup> The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.
- <sup>ix</sup> The Russell 3000 Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. (A price-to-book ratio is the price of a stock compared to the difference between a company's assets and liabilities.)
- <sup>x</sup> The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values.
- <sup>xi</sup> The Alerian MLP Index is a composite of the fifty most prominent energy master limited partnerships ( MLPs ) and is calculated using a float-adjusted, capitalization-weighted methodology.
- <sup>xii</sup> Net asset value ( NAV ) is calculated by subtracting total liabilities, including liabilities associated with financial leverage (if any), from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.

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<sup>xiii</sup> Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended May 31, 2015, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 23 funds in the Fund's Lipper category.

ClearBridge Energy MLP Total Return Fund Inc.

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**Fund at a glance** (unaudited)

**Investment breakdown** (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of May 31, 2015 and November 30, 2014. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

**Table of Contents****Schedule of investments (unaudited)**

May 31, 2015

**ClearBridge Energy MLP Total Return Fund Inc.**

|   | Shares/<br>Units | Value              |
|---|------------------|--------------------|
| Security  |                  |                    |
| <b>Master Limited Partnerships 148.9%</b>         |                  |                    |
| <i>Diversified Energy Infrastructure 34.8%</i>    |                  |                    |
| Energy Transfer Equity LP                         | 1,002,870        | \$ 68,867,083      |
| Energy Transfer Partners LP                       | 917,654          | 51,599,684         |
| Enterprise Products Partners LP                   | 2,813,343        | 91,208,580         |
| Genesis Energy LP                                 | 803,930          | 39,095,116         |
| ONEOK Partners LP                                 | 971,565          | 37,939,613         |
| Plains GP Holdings LP, Class A Shares             | 486,410          | 13,600,024         |
| <i>Total Diversified Energy Infrastructure</i>    |                  | <i>302,310,100</i> |
| <i>Gathering/Processing 44.9%</i>                 |                  |                    |
| Antero Midstream Partners LP                      | 1,480,175        | 42,184,987         |
| Cone Midstream Partners LP                        | 910,290          | 17,759,758         |
| Crestwood Midstream Partners LP                   | 665,114          | 8,925,830          |
| DCP Midstream Partners LP                         | 1,144,958        | 43,279,412         |
| Enable Midstream Partners LP                      | 963,501          | 17,150,318         |
| EnLink Midstream Partners LP                      | 1,430,830        | 35,513,201         |
| MarkWest Energy Partners LP                       | 1,300,000        | 84,019,000         |
| Midcoast Energy Partners LP                       | 757,740          | 9,214,118          |
| NGL Energy Partners LP                            | 295,900          | 8,894,754          |
| Rice Midstream Partners LP                        | 1,072,509        | 18,286,278         |
| Southcross Energy Partners LP                     | 266,349          | 3,585,058          |
| Summit Midstream Partners LP                      | 620,930          | 20,881,876         |
| Targa Resources Partners LP                       | 1,297,130        | 56,074,930         |
| Western Gas Partners LP                           | 351,010          | 24,044,185         |
| <i>Total Gathering/Processing</i>                 |                  | <i>389,813,705</i> |
| <i>General Partner 3.6%</i>                       |                  |                    |
| Crestwood Equity Partners LP                      | 918,340          | 4,591,700          |
| EQT GP Holdings LP                                | 455,800          | 14,685,876 *       |
| Tallgrass Energy GP LP                            | 386,830          | 12,397,901 *       |
| <i>Total General Partner</i>                      |                  | <i>31,675,477</i>  |
| <i>Global Infrastructure 4.1%</i>                 |                  |                    |
| Brookfield Infrastructure Partners LP             | 828,440          | 35,830,030         |
| <i>Liquids Transportation &amp; Storage 34.2%</i> |                  |                    |
| Buckeye Partners LP                               | 827,900          | 64,021,507         |
| Delek Logistics Partners LP                       | 388,730          | 18,075,945         |
| Enbridge Energy Partners LP                       | 1,763,980        | 65,426,018         |
| Holly Energy Partners LP                          | 155,670          | 5,250,749          |
| Magellan Midstream Partners LP                    | 297,020          | 23,678,435         |
| PBF Logistics LP                                  | 675,000          | 15,606,000         |

See Notes to Financial Statements.

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**ClearBridge Energy MLP Total Return Fund Inc.**

|   | Shares/<br>Units | Value         |
|---|------------------|---------------|
| Security  |                  |               |
| <i>Liquids Transportation &amp; Storage</i> continued |                  |               |
| Plains All American Pipeline LP                       | 1,700,996        | \$ 79,861,762 |
| Sunoco Logistics Partners LP                          | 245,466          | 9,720,454     |
| Tesoro Logistics LP                                   | 37,388           | 2,161,400     |
| World Point Terminals LP                              | 727,340          |               |