

# Kayne Anderson

Fund Advisors

## Overview as of 8/31/18

Symbol	KMF
Exchange	NYSE
CUSIP	48661E108
Inception Date	11/24/2010
Total Assets	\$1,022 million
Leverage	\$294 million
Monthly Distribution <sup>1</sup> (\$/share)	\$0.10
% of portfolio assets with Call Options	None

## Objective

KMF is a closed-end fund whose investment objective is to provide a high level of total return with an emphasis on making quarterly cash distributions to its stockholders. KMF invests principally in securities of companies in the Midstream/Energy Sector, consisting of: (a) Midstream MLPs, (b) Midstream Companies, (c) Other MLPs and (d) Other Energy Companies. KMF anticipates that the majority of its investments will consist of equity investments in Midstream MLPs and Midstream Companies.

## Investment Merits

### • Midstream Opportunities

- Opportunity to invest across the full value chain for the Midstream Sector through investments in Midstream Master Limited Partnerships ("MLPs") and Midstream Companies
- Midstream Sector generates attractive risk-adjusted returns and has stable characteristics
- Development of "unconventional reserves" is changing the North American energy industry, driving the need for new Midstream assets and creating significant growth opportunities for the Midstream sector

### • Attractive Fund Structure

- KMF issues a Form 1099 (no K-1).
- Suitable for IRAs, foundations and tax-exempt accounts, because unlike direct holdings in MLPs, KMF does not generate unrelated business taxable income (UBTI).
- KMF is a Regulated Investment Company (RIC) and, as such, does not pay income taxes at the fund level.

- **Access to Private Investments.** KMF provides access to private investment opportunities not available to retail investors.

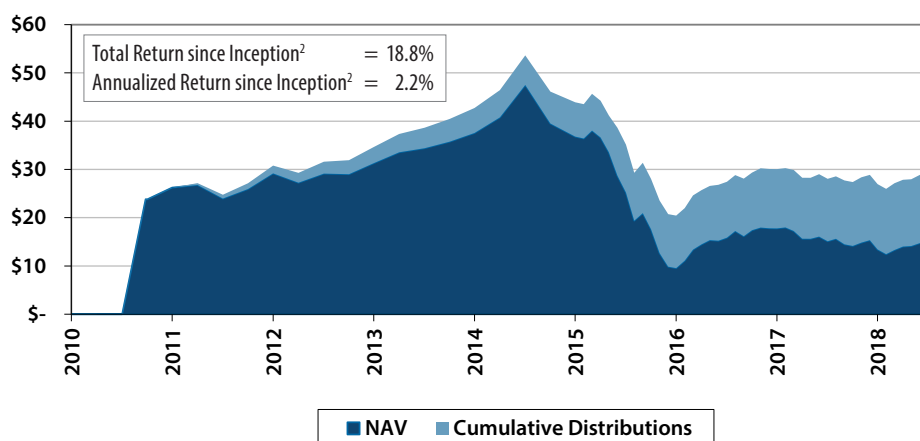
<sup>1</sup> Payable on 9/28/18 (ex-date 9/19/18) for the month of September. The Fund previously announced its intention to adopt a monthly distribution after the closing of its merger with Kayne Anderson Energy Total Return Fund, which closed on 8/6/18. The distribution payable in September is the first monthly distribution under the new policy. (See "Information on Tax Character of Distributions" on page 2.)

<sup>2</sup> Assumes that distributions have been reinvested through the Dividend Reinvestment Program (DRIP).

# Midstream/Energy Fund (KMF)

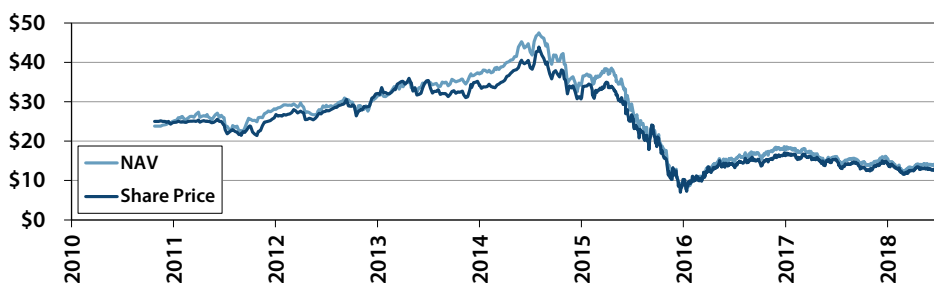
## Total Return (NAV plus distributions)

11/24/10 to 8/31/18



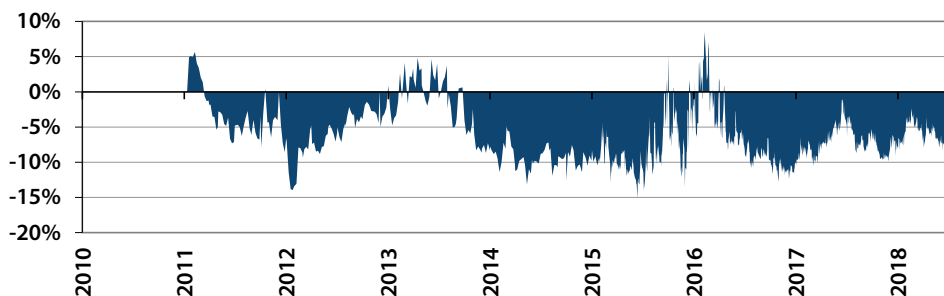
## Share Price and NAV History

11/24/10 to 8/31/18



## Premium/Discount to NAV

11/24/10 to 8/31/18



## Calendar Year Returns

as of 8/31/18

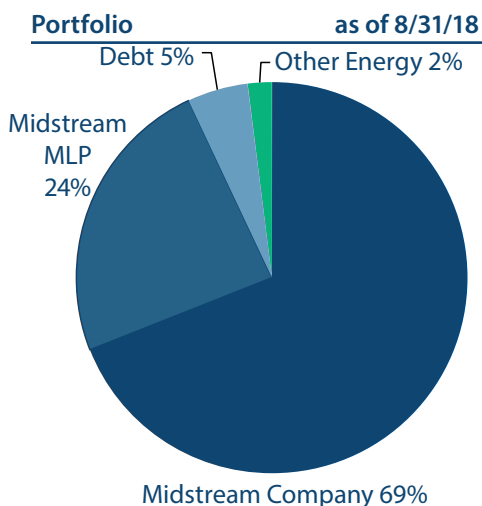
	2011	2012	2013	2014	2015	2016	2017	2018
NAV and distrib <sup>2</sup>	20.8%	10.6%	38.5%	3.5%	-58.4%	56.6%	-10.3%	4.8%
NAV only	12.9%	3.8%	31.0%	-2.0%	-65.2%	41.9%	-17.4%	0.0%
Share price and distrib <sup>2</sup>	6.8%	23.0%	26.4%	4.5%	-56.6%	41.8%	-5.8%	-1.0%
Share price only	-0.2%	15.4%	19.5%	-1.1%	-63.7%	28.5%	-13.2%	-5.5%

## Returns (Not annualized)

as of 8/31/18

	3 Mo.	6 Mo.	1-Yr	2-Yr	3-Yr	5-Yr	Since Inception
NAV and distrib <sup>2</sup>	8.2%	15.8%	7.0%	11.1%	-20.3%	-29.8%	18.8%
NAV only	5.8%	10.5%	-1.9%	-6.5%	-41.2%	-56.9%	-37.8%
Share price and distrib <sup>2</sup>	1.6%	4.2%	1.4%	7.6%	-21.9%	-35.3%	-0.4%
Share price only	-0.7%	-0.5%	-7.1%	-9.4%	-42.3%	-60.3%	-47.8%

# Midstream/Energy Fund (KMF)



**Top 10 Holdings as of 8/31/18**

ONEOK, Inc.	9.2%
Targa Resources Corp.	8.3%
The Williams Companies, Inc.	7.9%
Plains GP Holdings, L.P.	7.4%
Enbridge Energy Management	4.4%
Kinder Morgan, Inc.	4.3%
KNOT Offshore Partners LP	4.1%
Pembina Pipeline Corporation	3.9%
Energy Transfer Partners, L.P.	3.9%
GasLog Partners LP	3.3%
	56.7%

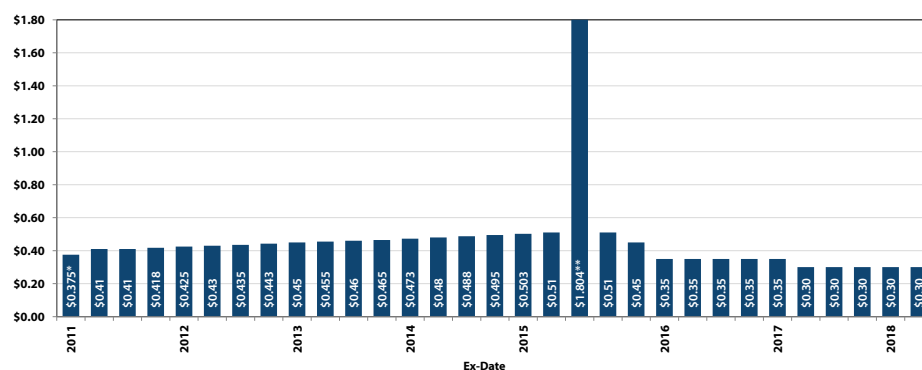
**Growth of Hypothetical \$10,000 Investment<sup>3</sup>**

Date	NAV and Distrib	Share Price and Distrib
Inception (11/24/10)	\$10,000	\$10,000
12/31/10	10,149	10,000
12/31/11	12,262	10,680
12/31/12	13,557	13,134
12/31/13	18,780	16,604
12/31/14	19,431	17,350
12/31/15	8,077	7,527
12/31/16	12,648	10,677
12/31/17	11,341	10,057
8/31/18	11,882	9,957

## Tax Character of Distributions

Calendar year	Ordinary dividends	Qualified dividends	Capital gains distrib.	Nondividend distrib. (Return of capital)	Total
2011	79%	21%	-	-	100%
2012	51%	26%	23%	-	100%
2013	28%	36%	36%	-	100%
2014	49%	45%	6%	-	100%
2015	16%	27%	57%	-	100%
2016	66%	34%	-	-	100%
2017	-	-	-	100%	100%
2018E <sup>4</sup>	15%	-	-	85%	100%

## Quarterly Distributions per Share



\* Represents an initial partial distribution.

\*\* Special distribution. See press release dated 6/25/15.

## Information on Tax Character of Distributions

Our distributions are generally taxable as ordinary income (a portion of which may be qualified dividends) or capital gains. Distributions of our ordinary income plus net short-term capital gains in excess of net long-term capital losses will be taxable as ordinary income to the extent of our current or accumulated earnings and profits. If our distributions exceed our current or accumulated earnings and profits, the distributions will be treated as a return of capital to our common stockholders to the extent of each stockholder's basis in our common stock, and then the amount distributed in excess of such stockholder's basis would be taxed as a capital gain. Common stockholders will receive a Form 1099 from us and will recognize ordinary income only to the extent of our current and accumulated earnings and profits. Because the cash distributions received from the MLPs in our portfolio are expected to exceed the earnings and profits associated with owning such MLPs, a portion of our distributions may be paid from sources other than our current and accumulated earnings and profits. The table above left summarizes the tax character of our distributions since inception. Sample Form 1099-DIV for each year can be found at [www.kaynefunds.com/kmf/tax-information](http://www.kaynefunds.com/kmf/tax-information).

<sup>3</sup> This table illustrates the growth of a hypothetical \$10,000 investment in the fund's common shares beginning on the inception date with all distributions reinvested through the Dividend Reinvestment Program (DRIP). Ending values as of the dates shown in the table. Performance does not reflect transaction fees or broker commissions. Past performance is no guarantee of future results.

<sup>4</sup> This estimate is based on our estimated earnings and profits for fiscal 2018 and our accumulated earnings and profits as of November 30, 2017. This estimate does not include a projection of gains and losses on the sale of securities for the remainder of fiscal 2018. The final determination of the tax character of the distribution will be made in early 2019 when we can determine our actual earnings and profits for the full year (including gains and losses on sales of securities during fiscal 2018) and may differ substantially from this preliminary information.

This material shall not constitute an offer to sell or a solicitation to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer or sale is not permitted. Past performance is not a guarantee of future results. An investment in the fund could suffer loss. Current performance may be lower or higher than that shown based on market fluctuations from the end of the reported period. Before making an investment in the fund, you should consider the investment objective, risks, charges and expenses of the fund, which, together with and other important information are included in the fund's most recent prospectus and other filings with the SEC. There can be no assurance that the fund's investment objectives will be attained. Shares of closed-end funds frequently trade at a market price that is below their net asset value. Leverage creates risks which may adversely affect return, including the likelihood of greater volatility of net asset value and market price of common shares, and fluctuations in dividend rates on any preferred shares.

NOT FDIC INSURED

NOT BANK GUARANTEED

MAY LOSE VALUE

**FOR MORE INFORMATION: [www.kaynefunds.com](http://www.kaynefunds.com) or call 1-877-657-3863**

**Kayne Anderson**

*Fund Advisors*