

# Kayne Anderson

Fund Advisors

## MLP/Midstream Investment Company (KYN)

### Overview

as of 10/31/18

|  |                 |
|--|-----------------|
| Symbol                                       | KYN             |
| Exchange                                     | NYSE            |
| CUSIP  | 486606106       |
| Inception Date                               | 9/28/2004       |
| Total Assets                                 | \$3,650 million |
| Leverage                                     | \$1,195 million |
| Monthly Distribution <sup>1</sup> (\$/share) | \$0.15          |
| % of Portfolio Assets with Call Options      | None            |

### Objective

KYN is a closed-end fund that invests principally in equity securities of energy-related master limited partnerships and their affiliates ("MLPs") and other companies that, as their principal business, operate assets used in the gathering, transporting, processing, storing, refining, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, refined petroleum products or coal (collectively with midstream MLPs, "Midstream Energy Companies"). KYN's investment objective is to obtain high after tax total returns for its shareholders.

### Investment Merits

#### • Midstream Opportunities

- Opportunity to invest across the full value chain for the Midstream Sector through investments in Midstream 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

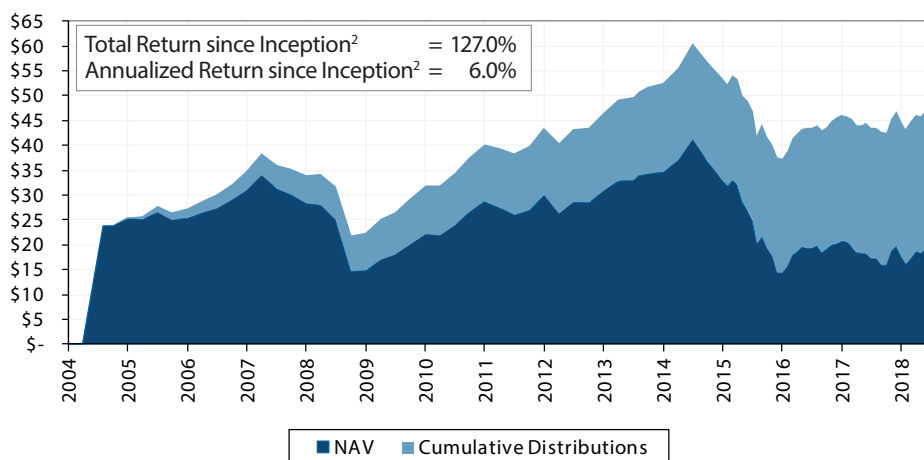
#### • Attractive Fund Structure

- KYN issues a Form 1099 (no K-1).
- Suitable for IRAs, foundations and tax-exempt accounts, because unlike direct holdings in MLPs, KYN does not generate unrelated business taxable income (UBTI).

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

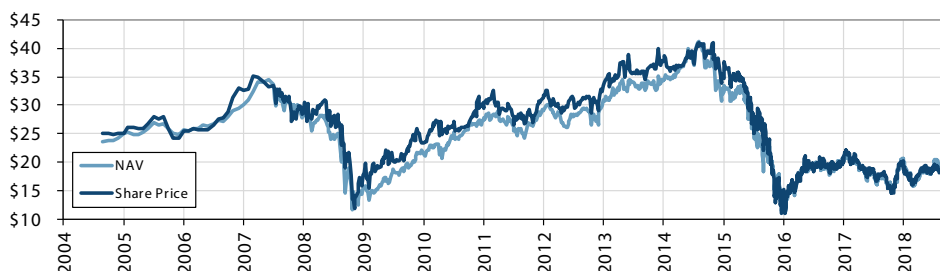
### Total Return (NAV plus distributions)

9/28/04 to 10/31/18



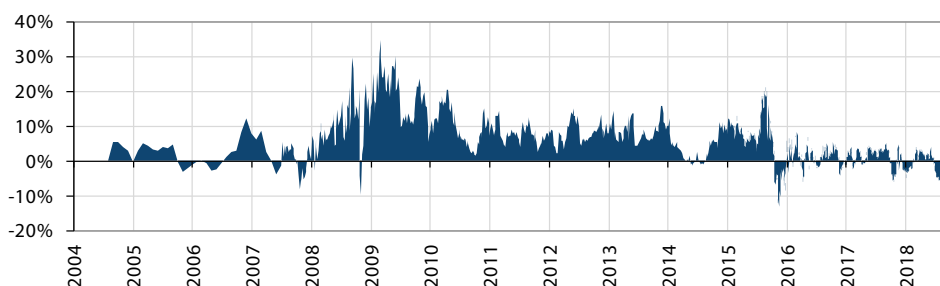
### Share Price and NAV History

9/28/04 to 10/31/18



### Premium/Discount to NAV

9/28/04 to 10/31/18



### Calendar Year Returns

as of 10/31/18

|                                      | 2008   | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015   | 2016  | 2017  | 2018   |
|--------------------------------------|--------|-------|-------|-------|-------|-------|-------|--------|-------|-------|--------|
| NAV and distrib <sup>2</sup>         | -51.7% | 79.8% | 36.7% | 12.8% | 3.6%  | 35.7% | 4.9%  | -43.5% | 29.9% | 3.3%  | -0.4%  |
| NAV only                             | -55.4% | 61.9% | 26.5% | 5.1%  | -5.3% | 28.9% | -2.2% | -48.4% | 13.3% | -7.0% | -9.3%  |
| Share price and distrib <sup>2</sup> | -39.8% | 70.6% | 35.8% | 3.6%  | 6.1%  | 42.4% | 2.8%  | -50.5% | 29.9% | 8.0%  | -7.8%  |
| Share price only                     | -44.4% | 53.6% | 25.7% | -3.5% | -3.0% | 35.2% | -4.2% | -54.7% | 13.2% | -2.7% | -16.1% |

### Period Returns (Not annualized)

as of 10/31/18

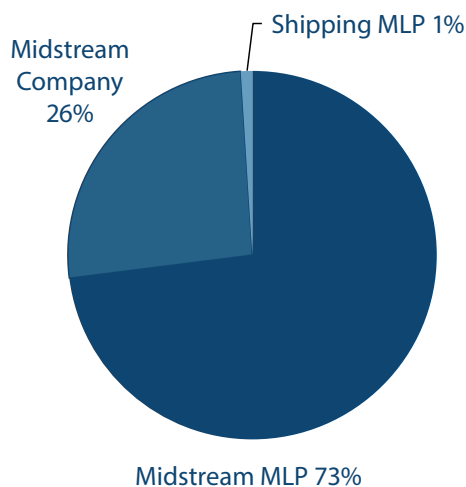
|                                      | 3 Mo.  | 6 Mo.  | 1-Yr  | 2-Yr   | 3-Yr   | 5-Yr   | 10-Yr  | Since Inception |
|--------------------------------------|--------|--------|-------|--------|--------|--------|--------|-----------------|
| NAV and distrib <sup>2</sup>         | -10.3% | 1.8%   | 15.8% | 12.1%  | 9.0%   | -18.3% | 119.4% | 127.0%          |
| NAV only                             | -11.8% | -2.5%  | 5.4%  | -8.1%  | -22.1% | -50.2% | -9.9%  | -28.6%          |
| Share price and distrib <sup>2</sup> | -14.2% | -6.5%  | 11.5% | 3.4%   | -5.5%  | -28.2% | 78.5%  | 103.1%          |
| Share price only                     | -15.7% | -10.5% | 1.5%  | -15.2% | -32.4% | -56.3% | -26.7% | -36.1%          |

<sup>1</sup> Payable on 11/30/18 (ex-date 11/14/18) for the month of November. (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).

# MLP/Midstream Investment Company (KYN)

## Portfolio as of 10/31/18



## Top 10 Holdings as of 10/31/18

|                                    |              |
|------------------------------------|--------------|
| Enterprise Products Partners L.P.  | 13.6%        |
| Energy Transfer LP                 | 10.8%        |
| ONEOK, Inc.                        | 8.9%         |
| The Williams Companies, Inc.       | 7.5%         |
| MPLX LP                            | 7.1%         |
| Buckeye Partners, L.P.             | 5.5%         |
| Targa Resources Corp.              | 5.5%         |
| Plains All American Pipeline, L.P. | 5.2%         |
| Western Gas Partners, LP           | 4.9%         |
| Magellan Midstream Partners, L.P.  | 3.6%         |
| <b>Total</b>                       | <b>72.6%</b> |

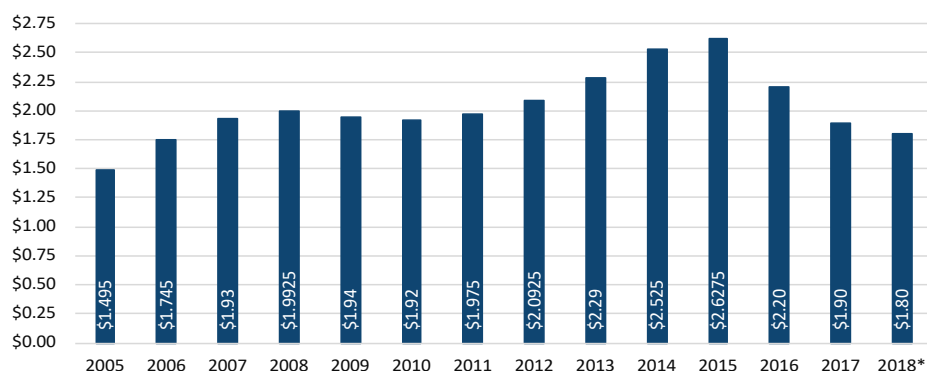
## Growth of Hypothetical \$10,000 Investment<sup>3</sup>

| Date                | NAV and Distrib | Share Price and Distrib |
|---------------------|-----------------|-------------------------|
| Inception (9/28/04) | \$10,000        | \$10,000                |
| 12/31/2004          | 10,233          | 10,000                  |
| 12/31/2005          | 11,134          | 10,329                  |
| 12/31/2006          | 14,062          | 14,963                  |
| 12/31/2007          | 15,213          | 14,136                  |
| 12/31/2008          | 7,346           | 8,508                   |
| 12/31/2009          | 13,211          | 14,517                  |
| 12/31/2010          | 18,064          | 19,717                  |
| 12/31/2011          | 20,384          | 20,425                  |
| 12/31/2012          | 21,112          | 21,674                  |
| 12/31/2013          | 28,655          | 30,855                  |
| 12/31/2014          | 30,068          | 31,716                  |
| 12/31/2015          | 16,989          | 15,713                  |
| 12/31/2016          | 22,068          | 20,407                  |
| 12/31/2017          | 22,791          | 22,043                  |
| 10/31/2018          | 22,701          | 20,313                  |

## Tax Character of Distributions

| Calendar year      | Qualified dividends | Nondividend distr. (Return of Capital) | Total |
|--------------------|---------------------|--|-------|
| 2008               | -                   | 100%                                   | 100%  |
| 2009               | -                   | 100%                                   | 100%  |
| 2010               | 44%                 | 56%                                    | 100%  |
| 2011               | 64%                 | 36%                                    | 100%  |
| 2012               | 74%                 | 26%                                    | 100%  |
| 2013               | 67%                 | 33%                                    | 100%  |
| 2014               | 90%                 | 10%                                    | 100%  |
| 2015               | 82%                 | 18%                                    | 100%  |
| 2016               | -                   | 100%                                   | 100%  |
| 2017               | 28%                 | 72%                                    | 100%  |
| 2018E <sup>4</sup> | 100%                | -                                      | 100%  |

## Annual Distributions per Fiscal Year



\* Based on year-to-date distributions paid or declared.

## Information on Tax Character of Distributions

Our distributions are treated as a taxable dividend (qualified dividends) to our common stockholders to the extent of our current and accumulated earnings and profits. If the distribution exceeds our current or accumulated earnings and profits, the distribution 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 of a distribution in excess of such stockholder's basis would be taxed as capital gain. Common stockholders will receive a Form 1099 from us and will recognize dividend 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/kyn/tax-information](http://www.kaynefunds.com/kyn/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

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