KAYNE ANDERSON
» ENERGY INFRASTRUCTURE

KAYNE ANDERSON ENERGY INFRASTRUCTURE FUND, INC. (KYN): 2025 ANNUAL LETTER

December 18, 2025

Dear Fellow Stockholders,

We are pleased to provide an update on KYN's performance, portfolio positioning, and the energy infrastructure market. In summary: We are proud of our accomplishments over the last five years and optimistic about the outlook for the Company's portfolio investments. The energy infrastructure sector is an asset class that we believe serves a critical role in investors' portfolios, and KYN is an efficient and differentiated way to invest in this sector.

KYN's Net Asset Return and Market Return were negative 0.9% and negative 2.0%, respectively, for fiscal 2025.[1,2] KYN's Net Asset Return was modestly better than the Alerian Midstream Energy Index (negative 1.1%), but below our expectations at the start of the year. Given the midstream sector's phenomenal performance over the prior four years, it is not surprising to experience a year of near "break-even" returns. For the five-year period ended November 30, 2025, KYN's Net Asset Return was 211% (25.5% on an annualized basis) and its Market Return was 228% (26.8% on an annualized basis).

Fiscal 2025 was an eventful (and at times volatile) year in the financial markets. The new U.S. administration implemented numerous policy initiatives during the year, and the full impact of these actions on the global economy is still being determined. While we anticipate similar periods of higher-than-normal uncertainty during fiscal 2026, we believe KYN is positioned to navigate this type of market backdrop. The Company is well capitalized with leverage levels (and downside cushions) that take into account the potential for periods of market volatility.[3]

We have made this point consistently in our stockholder letters, but it bears repeating – energy infrastructure plays an essential role in the global economy. These "must run" assets enable society's modern way of life. These businesses generate material (and growing) levels of free cash flow and are an attractive way for investors to gain exposure to listed real assets. Further, equity investments in energy infrastructure companies provide holders exposure to some of the most consequential (and durable) trends in the global economy, pay attractive dividends and provide an important hedge against higher-than-expected levels of inflation. Put simply, the case for owning listed energy infrastructure is robust.

One of the most important points we want to convey in this letter: We believe KYN has the potential to generate low-to-mid teens annual returns over the next five years.[4] Given recent developments in the energy infrastructure sector, our confidence in this scenario has increased over the last year. Our expectations are underpinned by improving demand growth trends, increased project backlogs and growing earnings and free cash flows for the Company's portfolio investments.

Recent Distribution Increase

We understand how important distributions are to the Company's investors, and one of management's key goals is to pay the most attractive distribution we can responsibly pay. Earlier today, KYN declared a monthly distribution of $0.085 per share payable in January 2026. This represents a 6.3% increase over the monthly distribution to be paid in December 2025. Based on the Company's recent stock price, KYN's annualized distribution rate is 8.8%.[5] Over the last five years, we have increased KYN's distribution by 70%.[6]

This recent distribution increase is an indication of management's confidence in the long-term fundamentals supporting KYN's portfolio investments. Management strives to continue to responsibly grow KYN's distribution rate (as supported by the Company's operating results) while also maintaining the flexibility to navigate dynamic market cycles.

Note: Footnotes can be found on page 5.

Review of Fiscal 2025

It was a very strong year for the key domestic equity indices – the S&P 500 and NASDAQ were up 15.0% and 22.4%, respectively.[7] This performance was driven by a narrow cohort of large capitalization technology companies and enthusiasm around artificial intelligence (A.I.). Performance, while positive on the whole, was more mixed across the broader U.S. equity market. A good illustration of this point is the difference in performance between the S&P 500 Equal Weight index and the S&P 500 index – the equal-weight version of this index was up 4.0% in fiscal 2025, meaningfully underperforming the market-cap-weighted index.

Interest rates, inflation trends and monetary policy added another layer of complexity during fiscal 2025. The 10-year U.S. government bond rallied modestly, ending the year at a yield of 4.0%. Inflation moderated during the year, albeit at levels stubbornly above the Federal Reserve's 2% target. After pausing for nine months, the Federal Reserve (the Fed) reduced the federal funds rate three times this fall (75 basis points in total) as weakness in the labor market pushed policymakers toward a more accommodative stance. Consensus expectations are for additional interest rate cuts in 2026, but the path forward for interest rates and inflation is far from certain.

During fiscal 2025, the midstream sector (as represented by the AMNA) was down 1.1%, the power sector (as represented by the XLU) was up 12.5% and the energy sector (as represented by the XLE) was down 2.2%. The power sector, which is benefitting from a step-function change in power demand over the next two decades, was the star performer within the energy infrastructure sector.[8,9,10]

Total Returns

	Equity Market Indices			Energy Indices			
	S&P 500	NASDAQ	DJIA	AMNA[8]	XLU[9]	XLE[10]	KYN[1]
Fiscal 2025[11]	15.0%	22.4%	8.0%	(1.1%)	12.5%	(2.2%)	(0.9%)

Energy Infrastructure Sector

Within the midstream sector, fiscal 2025 represented a uniquely bifurcated market – natural gas-focused companies benefitted from the commodity's secular demand growth narrative while liquids-focused companies dealt with a challenging price outlook for crude oil and natural gas liquids (NGLs).

The power sector's structural increase in natural gas demand was a key area of focus in fiscal 2025 as was increased demand from domestic liquified natural gas (LNG) export facilities. These two mega trends are expected to continue for at least the next decade and drive a favorable backdrop for the midstream sector. In contrast, it was a challenging year for crude oil, with prices declining roughly $15 per barrel and ending the fiscal year in the high $50s. Markets were forced to balance persistent geopolitical tension (Russia-Ukraine, Venezuela, Iran, among others) against rising OPEC+ supply and expectations for a surplus of crude oil supply over the next year.

These dynamics created one of the widest divergences in narratives and valuations in the midstream sector in over a decade. The Company began taking steps late last year to position for this shifting outlook. Further, as it relates to KYN's current portfolio positioning, "different" does not necessarily translate to "unattractive." We see an important role for both natural gas-focused midstream investments and liquids-focused midstream investments in KYN's portfolio. Liquids-focused midstream companies continue to offer compelling return potential, supported by strong free cash flows and healthy dividend yields. Our approach to investing in these businesses emphasizes selectivity, scale, asset diversification, and balance sheet strength.

Fiscal 2026 Outlook

View on Broader Financial Markets

As we look ahead to the coming year, we have a measured but constructive view on U.S. equity markets. Corporate earnings growth, which was meaningfully better than expected this year, is a trend we anticipate continuing in 2026. While

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Fed policy is likely to remain data-dependent, recent rate cuts and the potential for further easing in 2026 should provide a helpful foundation for the stock market. We are watching the direction of the economy closely and are attentive to signs of excess in the financial markets (particularly the degree of concentration and momentum within the "A.I. trade"). Political dynamics are also poised to influence broader market sentiment, with midterm elections, the potential for a divided government, and a new Fed Chair contributing to a higher-than-usual level of "noise." Overall, it is a constructive backdrop but not without its risks – selectivity and discipline are the order of the day.

View on Natural Gas Markets

We believe that natural gas markets will continue to benefit from structural demand drivers (LNG export expansion, rising power needs, and industrial reshoring) all of which create a strong, durable backdrop for energy infrastructure. These forces support sustained volume growth and increased project backlogs across natural gas systems.

We believe it is important to clarify that our constructive view is focused on demand growth (i.e., volumes) rather than a bullish call on natural gas prices. While we expect prices may move higher at times, we believe the more defining feature of future natural gas prices will be increased volatility and seasonality. Importantly – as we have consistently pointed out – volume growth, not price, is what matters most for midstream financial results.

Natural gas-focused midstream companies are well positioned to benefit from the secular demand growth trends highlighted above. While these names have re-rated over the last two years (i.e., higher stock prices), they continue to be attractively valued in our opinion – in particular given the durability of these companies' growth rates.

View on Crude Oil Markets

Our outlook for crude oil prices and volumes remains cautious. In the absence of a coordinated response from OPEC+, we expect crude prices to languish as inventories continue to build in 2026. It is unlikely that the imbalance is resolved exclusively by demand growth, which means the industry will need to at least partially "solve" the issue through supply-side adjustments (i.e., lower production levels). In practice, this can come from several sources – none of which are mutually exclusive – including U.S. upstream companies scaling back activity levels (i.e., drilling less), OPEC+ reinstating larger production curtailments, or a combination of both. Physical supply disruptions associated with geopolitical risk are a wild card in this forecast. We are watching several areas very closely but do not anticipate disruptions (if any) having a lasting impact on crude oil production levels.

Despite this backdrop, we believe liquids-focused midstream businesses remain well positioned to operate effectively in today's price environment. The sector has very limited direct commodity price exposure and – given its balance sheet strength and growing free cash flows – is built to deliver durable returns across commodity cycles. That said, this is an environment where quality matters, and certain companies can navigate this market backdrop better than others. For the better positioned liquids-focused midstream companies, we believe current valuations more than adequately compensate KYN for any headwinds associated with a potential shorter-term decline in domestic crude production levels.

View on Power Infrastructure

It is an exciting time in the power infrastructure sector, and our outlook for these equities is constructive. Utilities delivered strong returns in fiscal 2025, supported by accelerating earnings growth and some of the most favorable load-growth trends the sector has seen in decades. Utilities are entering a period of significant expansion to support rising power demand. Healthy balance sheets and robust access to capital markets should enable the sector to efficiently finance their rising capital expenditures budgets. We expect affordability concerns (i.e., rising power prices) to be a noteworthy part of the political narrative in 2026, and KYN's power infrastructure exposure is focused on companies with manageable rate-case dynamics. The Company's exposure in this subsector is not limited to just utilities – there are many attractive companies within the power infrastructure value chain. While KYN currently has a smaller allocation to this subsector, we believe it plays an important role and anticipate increasing the Company's holdings in power infrastructure over the next few years.

Note: Footnotes can be found on page 5.

Portfolio Positioning

As of November 30, 2025, 95% of the portfolio was invested in midstream equities, 3% in power infrastructure equities and 2% in credit and other investments. The substantial majority of KYN's portfolio (98%) is invested in listed securities (i.e., public companies). Our approach remains centered on high-conviction equity investments in large-cap midstream companies, which are businesses we believe can compound equity value across a range of macro and commodity price outcomes. We continue to manage risk deliberately with more moderate leverage levels and ample downside cushions.

While midstream equity will continue to be the "anchor tenant" in KYN's portfolio for the foreseeable future, the fund does have exposure to equity investments in the power infrastructure sector as well as exposure to energy infrastructure credit securities. Both areas serve an important role in KYN's overall portfolio construction.

Why does KYN invest in the power infrastructure sector? These equities have a return outlook similar to the Company's midstream investments, and investments in power infrastructure companies are synergistic with KYN's midstream exposure. For example, the mega trends benefitting the energy infrastructure sector extend beyond midstream, with power infrastructure a direct beneficiary of the "power supercycle." Further, power infrastructure equities provide portfolio diversification benefits for the fund.

We are big believers in the investment thesis for energy infrastructure credit, and KYN will continue its history of selectively investing in the sector's credit securities. Credit can enhance the portfolio's overall yield, dampen volatility and provide attractive "off-the-run" investment opportunities for KYN.

While it has been many years since private investments were a large allocation in KYN's portfolio (2% as of this fiscal year end), we are excited about the potential to provide highly-customized, directly-originated financings to private and public energy infrastructure companies. Our team is actively working to grow this segment of the portfolio in fiscal 2026 and beyond. We will remain disciplined in executing these investments, focusing our efforts on opportunities that present compelling risk-adjusted returns.

Why Invest in KYN?

We believe that KYN – with its flexible investment mandate, permanent capital base, and expertise in providing capital solutions to both public and private companies – is an attractive means to gain exposure to the North American energy infrastructure sector. The Company provides this exposure in an easy-to-own structure with daily liquidity, an attractive monthly distribution, and the tax simplicity of a single Form 1099.

We appreciate the trust you have placed in us and are grateful for your support. We are confident the stage is set for a successful 2026 and beyond. We value the opportunity to connect with our fellow stockholders and encourage you to reach out with any questions, comments or feedback. We look forward to hearing from you.

Sincerely,

James C. Baker, Jr.
Chairman of the Board
President and Chief Executive Officer

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Footnotes:

[1]Net Asset Return is defined as the change in net asset value per share plus cash distributions paid during the period (assuming reinvestment through the Company's dividend reinvestment plan).

[2]Market Return is defined as the change in share price plus cash distributions paid during the period (assuming reinvestment through the Company's dividend reinvestment program).

[3]Downside cushion reflects the decrease in total asset value that could be sustained while maintaining compliance with leverage levels under the Investment Company Act of 1940, as amended, and KYN's financial covenants.

[4]Actual events and conditions may differ materially from the assumptions used to establish this return estimate ("target returns"). Target returns are neither a guarantee nor a prediction or projection of future performance and there can be no assurance that the target returns will be achieved. Target returns for individual investments may be either greater or less than the target return. A broad range of risks could cause KYN to fail to meet its investment objectives and/or these target returns. The target returns set forth herein should not be viewed as an indicator of likely performance or investor returns. While subject to numerous assumptions, the primary considerations incorporated into these target returns are estimated dividend yields from portfolio holdings of 4% to 6%, estimated annual growth in dividends and cash flows of 5% to 7%, and estimated annual "excess" free cash flow of 0% to 3% for KYN's portfolio investments. After incorporating the impacts of fees, expenses and leverage, Kayne Anderson views KYN as having the potential to generate 10% to 15% annual returns on a net basis for investors. There is no guarantee that the facts on which such assumptions are based will materialize as anticipated.

[5]The annualized distribution rate of 8.8% is based on KYN's monthly distribution for January 2026 ($0.085 per share; $1.02 per share annualized) and its closing stock price of $11.64 per share as of December 18, 2025. Payment of future distributions is subject to approval by KYN's Board of Directors.

[6]Based on KYN's $0.085 per share monthly distribution to be paid January 30, 2026 ($1.02 per share annualized) compared to the $0.15 per share quarterly distribution paid December 31, 2020 ($0.60 per share annualized).

[7]Unless otherwise noted, all returns presented in this letter are total return calculations assuming the reinvestment of dividends.

[8]The selected benchmark for the midstream sector is the Alerian Midstream Energy Index (AMNA).

[9]The selected benchmark for the U.S. utility sector is the Utilities Select Sector SPDR Fund (XLU), which is an ETF linked to the Utilities Select Sector Index (IXU), a subset of the S&P 500.

[10]The selected benchmark for the broad U.S. energy sector is the Energy Select Sector SPDR Fund (XLE), which is an exchange-traded fund ("ETF") linked to the Energy Select Sector Index (IXE), a subset of the S&P 500.

[11]Fiscal 2025 (December 1, 2024 – November 30, 2025).

All investments involve risk, including possible loss of principal. An investment in the fund could suffer loss.

Kayne Anderson Energy Infrastructure Fund, Inc. (NYSE: KYN) is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended, whose common stock is traded on the NYSE. The Company's investment objective is to provide a high after-tax total return with an emphasis on making cash distributions to stockholders. KYN intends to achieve this objective by investing at least 80% of its total assets in securities of Energy Infrastructure Companies. See Glossary of Key Terms in the Company's most recent quarterly report for a description of these investment categories and the meaning of capitalized terms.

This communication contains statements reflecting assumptions, expectations, projections, intentions, or beliefs about future events. These and other statements not relating strictly to historical or current facts constitute forward–looking statements as defined under the U.S. federal securities laws. Forward-looking statements involve a variety of risks and uncertainties. These risks include, but are not limited to, changes in economic and political conditions; regulatory and legal changes; energy industry risk; leverage risk; valuation risk; interest rate risk; tax risk; and other risks discussed in detail in the Company's filings with the Securities and Exchange Commission ("SEC"), available at www.kaynefunds.com or www.sec.gov. Actual events could differ materially from these statements or from our present expectations or projections. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. Kayne Anderson undertakes no obligation to publicly update or revise any forward-looking statements made herein. There is no assurance that the Company's investment objectives will be attained.

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