KAYNE ANDERSON
» ENERGY INFRASTRUCTURE

KAYNE ANDERSON ENERGY INFRASTRUCTURE FUND, INC. (KYN): FISCAL Q1 2024 LETTER

March 28, 2024

Dear Fellow Stockholders,

This quarterly update discusses the energy infrastructure markets, KYN's portfolio, and the Company's year-to-date performance. We are pleased with KYN's performance thus far in 2024 and remain excited about the prospects for the Company's investments. The fundamentals for the domestic energy industry are sound, and the midstream industry continues to generate record levels of free cash flow.

As it relates to fiscal Q1:

- KYN's Net Asset Return was 4.2% on the heels of an 8.7% Net Asset Return in fiscal 2023;[1]
- KYN outpaced the Alerian Midstream Energy Index (AMNA) by 130 basis points;[2]
- KYN's performance exceeded the broad energy sector (as measured by the XLE) by 140 basis points; and[3]
- KYN maintained conservative leverage levels with ample downside cushion.[4]

Performance

KYN's midstream investments generated solid returns during the quarter as Q4 earnings reports and 2024 guidance for the sector were generally well received by investors. The market continues to reward companies with well-articulated plans to return capital to investors. For example, Western Midstream (WES), one of KYN's top 10 holdings, announced the sale of certain non-core assets during the quarter and announced plans to increase its distribution by approximately 50% next quarter. Investors applauded this decision – the stock traded up 12% over the next two trading days. In general, management teams continue to be responsive to investors' requests for clear and compelling return of capital frameworks and disciplined capital spending programs.

Midstream equities continued their recent trend of outperformance relative to utility and renewable infrastructure equities. As discussed in prior communications, we expect the vast majority of our portfolio will continue to be allocated to midstream companies, with the remainder allocated to other energy companies, utilities, and renewable infrastructure companies. We will continue to pick our spots within utilities and renewable infrastructure, specifically seeking exposure to well-run companies poised to recover from last year's selloff. Our "other energy" basket – which as of February 29th consisted of Phillips 66 (PSX), Shell (SHEL) and ExxonMobil (XOM) – generated very strong returns in fiscal Q1, contributing to KYN's meaningful outperformance versus the AMNA.

Comparison of Returns in Fiscal Q1 2024[5]	Returns	% of Portfolio[6]
KYN Net Asset Return[1]	4.2%	
Midstream Benchmark[7]	2.9%	92%
Utilities / Renewable Infrastructure Benchmarks[8,9]	-0.1% / -6.6%	4%

KYN's Market Return, which is based on stock price performance rather than net asset value, was 9.7% for fiscal Q1.[10] This exceeded our Net Asset Return as our stock price traded at a 14.2% discount to NAV at fiscal quarter-end compared to a 18.5% discount at the beginning of the period. We believe technical factors in the later part of fiscal 2023 (associated with

Note: relevant footnotes can be found on page 5.

KYN's merger with Kayne Anderson NextGen Energy & Infrastructure, Inc.) impacted KYN's price-to-NAV discount at the end of last year. We continue to believe consistent performance, a substantial return of cash to stockholders (through attractive quarterly distributions), and strategic transactions that are accretive to our stockholders will be rewarded over time in the form of a narrowing discount.

Q1 Market Review

It has been a very good run for the last 12 months – driven by a buoyant U.S. economy and enthusiasm about the impact of artificial intelligence (or AI) – broader equity markets are at record highs as of this writing. Fourth quarter earnings results were better than expected, but NVIDIA and all things AI-related continue to capture the lion's share of the market's attention. As it related to the energy infrastructure sector, we are starting to see market participants "connect the dots" and attempt to quantify the impact AI could have on electricity demand (which is a tailwind for KYN's portfolio).

Yields on the 10-year U.S. Treasury bond declined by 10 basis points during the quarter to end February at 4.24%. That statistic only tells part of the story – yields declined to as low as 3.79% at the end of December as market participants became more optimistic about the pace (and magnitude) of interest rate cuts by the Federal Reserve during 2024. Those expectations have become more muted over the last three months (the current market expectation is 75 bps of rate cuts this year vs. 125 bps at the start of 2024), but thus far, the equity markets have taken this news in stride. Inflation data – and the associated readthroughs for Fed policy – will continue to influence sentiment throughout fiscal 2024.

Total Returns							
	Equity Market Indices			Energy Indices			
	S&P 500	DJIA	NASDAQ	AMNA[7]	XLU[8]	KRII[9]	XLE[3]
Fiscal Q1	12.0%	9.0%	13.3%	2.9%	-0.1%	-6.6%	2.8%
Last Twelve Months	30.5%	22.0%	41.6%	16.9%	-1.3%	-16.5%	6.7%

Over the last 12 months, the midstream sector has generated higher returns than other energy subsectors, and fiscal Q1 was a continuation of this trend. While some of this can reasonably be attributed to a "reversion to the mean" (XLE outperformed AMNA in 2021 and 2022), we view this trend as supportive of our belief that midstream has a unique go-forward value proposition. In our opinion, the midstream sector is an all-weather infrastructure asset class poised to grow free cash flow consistently over the next five years. Domestic production volumes and international demand – not commodity prices – are what drive cash flows for the Company's midstream investments, and this outlook is achievable across an array of commodity price backdrops.

Investors are receptive to new equity offerings, and management teams (and sponsors) are taking advantage of these conditions. Over the span of five trading days in early March, Delek Logistics Partners (DKL) and Kinetik Holdings (KNTK) launched and priced overnight equity offerings at 13.6% and 8.6% discounts to the prior day's close, respectively. It was encouraging to see meaningful investor demand for these offerings, and we are pleased to see both stocks trade up from their offering price. KYN participated in both deals – it was an opportune time to increase the Company's exposure to the two companies.

Two large corporate M&A transactions have been announced in the midstream sector thus far in 2024: Sunoco LP (SUN) announced the $7.3 billion acquisition of NuStar Energy L.P. (NS) and EQT Corporation (EQT) announced the $13.0 billion acquisition of Equitrans Midstream (ETRN). Asset transactions have been busy as well, with several large M&A deals announced. We expect an increasingly active M&A market (particularly for asset deals) this year.

While the geopolitical backdrop remains unsettled, the global commodity trade marches on (albeit occasionally through indirect routes) and continues to accommodate record levels of U.S. production and exports. We expect global oil demand

Note: relevant footnotes can be found on page 5.

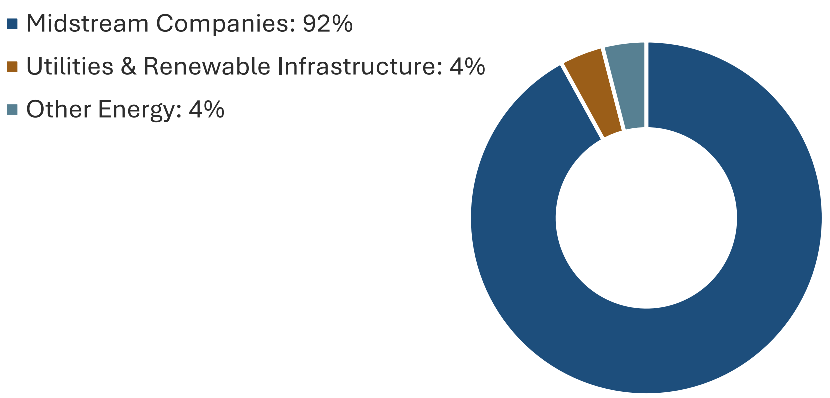
growth of ~1.4 million barrels per day (1.4% increase in demand on a year-over-year basis) to be met primarily with non-OPEC+ supply as the Saudis continue to secure OPEC+ supply reductions (in an effort on their part to target a Brent price band of $70-$90 per barrel). Spot WTI crude oil prices ended fiscal Q1 at $79 per barrel – up ~$3.50 per barrel over the quarter – and have settled above $80 per barrel in the month of March. In the absence of a meaningful shift in OPEC+ policy, we expect slow, steady domestic production growth to continue through 2030 – a strong backdrop for the midstream sector.

Alternatively, domestic natural gas prices had a very challenging quarter driven by a warm winter and elevated inventory levels. Prices at the Henry Hub, which is the primary U.S. benchmark for natural gas prices, ended fiscal Q1 at $1.67/MMBtu. The last time gas prices were this low was during the first half of 2020 (i.e., the depths of the pandemic). Deteriorating prices have prompted reductions in gas drilling and outright curtailments of supply by certain gas producers. While spot gas prices continue to hover at extremely challenging levels for producers with unhedged price exposure, the forward curve remains in steep contango (2025 forward prices >$3.50/MMBtu) as markets anticipate a greater call on U.S. gas to supply LNG exports.

Portfolio

KYN's portfolio is comprised of 31 investments in 29 companies. Approximately 94% of the portfolio is invested in common equity with the remainder invested in preferred equity. The overwhelming majority of KYN's portfolio is invested in the midstream sector, which is a balanced mix of MLPs and midstream C-corps. We reduced exposure to utilities & renewable infrastructure names during the quarter while adding to our other energy holdings. We remain overweight large-cap midstream companies with integrated suites of assets that we believe are well positioned to benefit from growing domestic production and increased exports. KYN has two investments in privately-held midstream businesses (approximately 2.5% of the portfolio) – these investments are performing well and are well positioned to generate attractive returns.

KYN's Exposure by Subsector as of February 29, 2024



Distribution & Outlook

We recently announced a quarterly distribution of 22 cents per share, up 5% vs. fiscal Q1 2023.[11] This represents a 9.6% distribution rate based on KYN's stock price as of February 29th.[12] We understand how important distributions are to our investors, and our goal is to steadily increase KYN's distribution over time as supported by the Company's operating results.

Despite a sustained period of excellent performance from midstream equities, trading multiples for KYN's top 10 midstream holdings are lower than year-ago levels. While many companies are trading near 52-week highs, this strong price performance is being supported by growth in underlying operating cash flows (vs. the sector "re-rating" to higher valuation levels). While we believe valuation levels for the sector are poised for improvement (and compare favorably to

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the broader equity markets), we believe midstream equities can generate mid-teens total returns without the benefit of multiple expansion.

We believe KYN – with its flexible investment mandate, permanent capital base, and expertise providing capital solutions to both public and private companies – is a very attractive means to receive diversified exposure to the North American energy infrastructure sector in an income-producing vehicle. The Company provides this exposure in an easy-to-own structure – daily liquidity via its NYSE listing, an attractive quarterly distribution, and the tax simplicity of a single Form 1099. Lastly, conservative leverage and active portfolio and risk management from an experienced portfolio management team sets the stage for a successful 2024 and beyond.

We encourage investors to visit our website at kaynefunds.com for more information about the Company, including the commentary posted on the "Insights" page that discusses performance and key industry trends.

We appreciate your investment in KYN and look forward to executing on our investment objective of achieving high after-tax total returns. Please do not hesitate to contact us with any questions or comments.

Sincerely,

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

For more information:
cef@kaynecapital.com // 877.657.3863

www.kaynefunds.com

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[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 our dividend reinvestment plan).

[2]Relative performance commentary based on the difference between the Company's Net Asset Return and the total return of the Alerian Midstream Energy Index (AMNA).

[3]The 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.

[4]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.

[5]Fiscal Q1 2024 (12/1/23 – 2/29/24).

[6]Weightings based on KYN's portfolio as of February 29, 2024. The remaining 4% of KYN's portfolio is invested in other energy companies.

[7]The benchmark for the midstream sector is the AMNA.

[8]The 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.

[9]The benchmark for the renewable infrastructure sector is the Kayne Anderson Renewable Infrastructure Index (KRII), a market-cap weighted index of 35 domestic and international renewable infrastructure companies with individual constituents capped at a 5% weighting.

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

[11]Based on KYN's $0.22/share distribution payable April 12, 2024 compared to $0.21/share distribution paid April 17, 2023.

[12]Based on KYN's annualized $0.22/share distribution ($0.88/share) and KYN's stock price of $9.17/share as of February 29, 2024.

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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Past performance is no guarantee of future results. Closed-end funds, unlike open-end funds, are not continuously offered. After the initial public offering, shares are sold on the open market through a stock exchange. As with any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Shares of closed-end funds frequently trade at a market price that is below their net asset value.