



June 21, 2026

Dear Fellow Stockholders,

This quarter's letter provides an update on KYN's performance and portfolio positioning, as well as our perspective on financial markets and geopolitical developments.

The biggest news during fiscal Q2 was the conflict in Iran and closure of the Strait of Hormuz, which is a vital conduit for global crude oil, refined products and liquified natural gas (LNG) trade. As a result of these events, the global energy market has endured a historic supply shock over the last three months. This supply constraint will improve as the Strait reopens, but we believe the conflict will have a longer-lasting impact on the energy market and the global economy.

The memorandum of understanding (MOU) executed by the U.S. and Iran has provided some optimism for a potential resolution to this conflict. We are not surprised by the market's reaction (crude oil prices and energy equities declined in the wake of this agreement), and Middle East supply will increase as the Strait is reopened. However, the path forward is far from certain, and we anticipate an extended timeline to normalization in the energy market and the global economy.

Importantly, recent events highlight the critical role North American energy infrastructure plays in the global energy market. In our opinion, the sector's investment case is compelling, and we remain confident in KYN's potential to generate low-to-mid teens annual returns over the next five years.<sup>1</sup>

KYN's fiscal Q2 overview:

- » Net Asset Return for the quarter was 0.5%;<sup>2,3</sup>
- » Net Asset Return for the first six months of fiscal 2026 was 18.1%;<sup>2,4</sup> and
- » Net Asset Return for the last twelve months was 22.8%.<sup>2,5</sup>

### **Distribution Increase**

Last week, we declared a monthly distribution of \$0.09 per share payable in July 2026. This represents a 5.9% increase over the monthly distribution to be paid in June 2026 and a 12.5% increase over the monthly distribution paid in June 2025. Based on the Company's recent stock price, KYN's annualized distribution rate is 8.1%.<sup>6</sup>

We know how important distributions are to KYN's investors, and one of management's key goals is to pay the most attractive distribution it can responsibly pay. The distribution increases over the last twelve months are an indication of management's confidence in the long-term fundamentals supporting the energy infrastructure sector, as well as a reflection of the Company's strong multi-year performance. We believe distribution increases are an effective way to reward long-term stockholders and reinforce the value we see in KYN's portfolio investments.

### **Portfolio Positioning and Balance Sheet Update**

As of May 31, 2026, KYN's portfolio was invested 94% in midstream, 4% in power infrastructure, and 2% in other energy investments. While our conviction in KYN's core midstream allocation is unchanged, we did reposition KYN's midstream holdings during the quarter. More specifically, we increased KYN's allocation to liquids-focused businesses and decreased its allocation to natural gas-focused businesses. These actions were in response to an improved outlook for crude oil prices, domestic production levels and increased domestic exports. Recent events do not alter this view.

We also increased KYN's allocation to other energy companies early in fiscal Q2, as we believe the risk/reward is attractive for certain majors and refiners. Throughout the quarter, we took advantage of heightened market volatility by opportunistically adding exposure during dislocations and writing covered calls on certain of KYN's holdings.

*Note: Footnotes can be found on page 4.*

We continue to manage KYN’s balance sheet with a conservative stance on leverage. As of quarter end, KYN’s downside cushion was in line with our target range of 55% to 60%.<sup>7</sup> Flexibility remains a priority, as the ability to endure short-term drawdowns is critical when markets become unsettled.

**Macro Backdrop**

Broader equity markets delivered very strong returns during fiscal Q2, with the S&P 500 up 10.5% and the NASDAQ up 19.2%.<sup>8</sup> Gains were concentrated in information technology, where earnings exceeded expectations and artificial intelligence (A.I.) spending continued to accelerate. The A.I. investment cycle remained one of the defining themes in financial markets during the quarter.

Interest rates and inflation were also front and center during fiscal Q2. Inflation reaccelerated, and the Federal Reserve held rates steady while adopting a more hawkish tone. The 10-year U.S. Treasury ended the quarter with a yield of 4.44%, up from 3.94% at the end of February. Higher rates pressured rate-sensitive sectors, including utilities.

	Equity Market Indices <sup>8</sup>			Energy Indices <sup>8</sup>			KYN <sup>2</sup>
	S&P 500	DJIA	NASDAQ	AMNA <sup>9</sup>	XLU <sup>10</sup>	XLE <sup>11</sup>	
<b>Fiscal Q2<sup>3</sup></b>	10.5%	4.6%	19.2%	2.0%	(6.3%)	1.3%	0.5%
<b>Fiscal YTD<sup>4</sup></b>	11.3%	7.8%	15.8%	20.3%	(0.6%)	26.3%	18.1%
<b>Last Twelve Months<sup>5</sup></b>	29.8%	22.7%	42.0%	23.6%	11.5%	42.5%	22.8%

**Energy Infrastructure Update**

After generating very strong returns in fiscal Q1, the midstream sector produced more modest returns during fiscal Q2. The AMNA was up 2.0% during the quarter and 20.3% for the first six months of fiscal 2026. Liquids-focused midstream companies generally outperformed their natural gas-focused counterparts during the quarter. However, sector performance was weak at the end of the quarter as energy equities sold off in response to increased prospects for a negotiated settlement between the U.S. and Iran. The MOU is a welcome development, but it remains to be seen whether the agreement will be durable and how quickly the situation in the Middle East can normalize.

For midstream companies, the Q1 2026 earnings season was one of the strongest we have seen in some time. Approximately two-thirds of the sector either formally raised guidance or indicated it was tracking above the midpoint of guidance. Certain companies’ financial results benefited from wider-than-normal natural gas price differentials (both domestically and internationally), as well as natural gas price spikes that occurred as a result of winter storm Fern. While these events are more one-time in nature, they highlight these companies’ ability to capture value when there are market disruptions. We expect a similar trend for the midstream sector when companies report second quarter results later this summer.

Project backlogs (i.e., growth projects) continued to increase during Q2 – a trend that has played out over the last 18 months. Midstream companies announced several new projects during the quarter, including natural gas pipeline expansions and behind-the-meter (BTM) power generation infrastructure. We believe the sector is very well positioned to benefit over the coming years from two key macro tailwinds: the power supercycle and energy security.

Utilities had a tougher quarter from a stock price performance perspective, with the XLU down 6.3%. Equities were pressured by a combination of higher interest rates and a “risk-on” market environment. The long-term outlook, however, remains constructive in our view: power loads continue to grow, and regulated utilities are increasingly well positioned to benefit from demand tied to data centers, industrial reshoring and grid investment.

**Geopolitical Backdrop**

The Iran conflict was the dominant force shaping energy markets over the last three months. The restriction in flows of

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commodities through the Strait of Hormuz resulted in a material reduction in global inventory levels. For context, cumulative supply-side losses of crude oil and refined products since the conflict began have exceeded one billion barrels. This compares to global storage levels of approximately 8 billion barrels. While a resumption in flows through the Strait will help, it will take time for volumes to ramp back up and inventory levels will need to be restored to more normalized levels.

This spring, crude oil markets experienced one of their most volatile periods over the last decade. Prompt West Texas Intermediate (WTI) crude prices traded as high as \$110 per barrel during fiscal Q2 before ending the quarter in the high \$80s. Prices are currently trading in the mid \$70 per barrel range. While spot prices get most of the attention in the financial press, the forward curve is typically more important as companies set capital budgets and determine drilling plans. Futures prices for calendar 2027 are currently trading at \$70 per barrel, an increase of approximately \$7.50 per barrel from late February levels.

Global natural gas prices are elevated, and the spread between U.S. and international prices remains wide. European (TTF) and Asian (JKM) prices ended the quarter near \$16 and \$18 per MMBtu, respectively. We expect the recovery of Middle East LNG exports to take time given the challenges of restarting facilities and repairing damaged infrastructure. This backdrop should support favorable conditions for North American LNG exports over the next several years, particularly as the timing and pace of Qatar's next wave of LNG capacity growth has become less certain.

Relief for global energy markets will likely be gradual over the second half of the year. The damage to regional energy infrastructure assets remains uncertain, and restarting production facilities will take time. Further, it is far from certain that the MOU will result in a broad-based agreement and cessation of hostilities. Against this backdrop, the U.S. remains the largest and most reliable supplier of oil and gas globally, and the call on U.S. energy exports has strengthened meaningfully. Put simply, fundamentals for the businesses in which KYN invests are strong and supported by significant structural tailwinds.

### **Why Invest in KYN?**

With its flexible investment mandate, permanent capital base, and expertise in providing capital solutions to public and private companies, we believe KYN is an attractive way 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 believe the asset class itself remains compelling. North American energy infrastructure companies own critical assets that are difficult to replicate and essential to the global economy. These businesses generally have durable cash flows, strong balance sheets and meaningful long-term growth opportunities supported by a continued need for the reliable supply of energy.

We appreciate the trust you have placed in us and are grateful for your support. We remain confident in KYN's positioning for the remainder of 2026 and beyond. We value the opportunity to connect with our fellow stockholders and encourage you to reach out with questions, comments, or feedback.

Sincerely,



**James C. Baker, Jr.**

Chairman of the Board

President and Chief Executive Officer

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**Footnotes:**

<sup>1</sup>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.

<sup>2</sup>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).

<sup>3</sup>Fiscal Q2 (March 1, 2026 – May 31, 2026).

<sup>4</sup>Fiscal year-to-date (December 1, 2025 – May 31, 2026).

<sup>5</sup>Last twelve months (June 1, 2025 – May 31, 2026).

<sup>6</sup>The annualized distribution rate of 8.1% is based on KYN’s monthly distribution for July 2026 (\$0.09 per share; \$1.08 per share annualized) and its closing stock price of \$13.27 per share as of June 18, 2026. Payment of future distributions is subject to approval by KYN’s Board of Directors.

<sup>7</sup>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.

<sup>8</sup>Unless otherwise noted, all returns presented in this letter are total return calculations assuming the reinvestment of dividends.

<sup>9</sup>The selected benchmark for the midstream sector is the Alerian Midstream Energy Index (AMNA).

<sup>10</sup>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.

<sup>11</sup>The selected benchmark for the broad U.S. energy sector is the Energy Select Sector SPDR Fund (XLE), which is an ETF linked to the Energy Select Sector Index (IXE), a subset of the S&P 500.

**All investments involve risk, including possible loss of principal. An investment in the fund could suffer loss. Past performance is not a guarantee of future results.**

*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](http://www.kaynefunds.com) or [www.sec.gov](http://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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