KAYNE ANDERSON
» ENERGY INFRASTRUCTURE

KAYNE ANDERSON ENERGY INFRASTRUCTURE FUND, INC. (KYN): FISCAL Q3 2025 LETTER

September 16, 2025

Dear Fellow Stockholders,

We are pleased to provide an update on KYN's performance, portfolio positioning, and our perspective on the market landscape. This update reiterates many of the topics discussed in recent quarterly letters and examines some current trends in the midstream sector. KYN's performance over the last twelve months has been strong, and we continue to have conviction in the long-term outlook for KYN's portfolio. That said, the macro outlook remains uncertain and KYN's near-term posture is defensive – we believe this is the appropriate way to position the Company's portfolio and balance sheet at this time.

Several competing factors (including trade policy, monetary policy, geopolitical conflicts and OPEC+ supply management) are influencing the global economic outlook and impacting day-to-day stock price moves. Within the midstream sector, we see a divergence in the investment case for companies with natural gas value chains relative to their liquids-focused counterparts. We outline our thoughts on the factors contributing to this bifurcation in this quarter's letter and articulate our views on the merits of each subsector's investment case.

KYN's fiscal Q3 overview:

- Net Asset Return for the quarter was 2.1%;[1]
- Net Asset Return for the last twelve months was 19.2%;[1]
- Performance for both periods was approximately in-line with the Alerian Midstream Energy Index (AMNA);[2,3]
- KYN was one of the best performing midstream funds over the last twelve months;[4] and,
- Maintained conservative leverage levels with ample downside cushion.[5]

Portfolio Positioning

As of August 31, 2025, approximately 94% of KYN's portfolio was allocated to midstream companies, 3% to power infrastructure, and 3% to other investments. At quarter end, our top ten holdings represented approximately 79% of total investments.

The Company's primary exposure is a balanced mix of (i) core MLPs given their attractive valuations, diversified businesses and strong free cash flow generation and (ii) natural gas-focused C-Corps given their strong growth prospects and defensive business attributes. We continue to favor large-cap, liquid equities with strong balance sheets. Importantly, we do not believe we are sacrificing the portfolio's return potential by prioritizing these higher quality names.

Over the past year, we have steadily increased KYN's exposure to natural gas-focused infrastructure and other contracted, volume-driven businesses, while trimming positions that are perceived to have more exposure to drilling activity and crude oil production trends (we often refer to these types of midstream companies as "liquids-focused"). These actions reflect (i) our desire to increase KYN's exposure to natural gas demand growth (which we consider to be a multi-decade trend) and (ii) our defensive mindset; they are intended to preserve flexibility so that we can take advantage of attractive opportunities as they arise.

Market Backdrop and Performance

It was another strong quarter for U.S. equity markets, as momentum carried forward from April lows. The S&P 500 rose 10% and is now up 8% for the fiscal year as investors discounted tariff concerns and heightened geopolitical risks.

Note: relevant footnotes can be found on page 5.

Corporate earnings continue to be exceptional, with companies in the S&P 500 reporting 12% year-over-year earnings growth in their most recent quarterly updates.

Importantly, the Federal Reserve's policy stance appears to have shifted, with Chairman Powell signaling that rate cuts could resume as soon as this fall on concerns about the employment outlook. Investor enthusiasm in artificial intelligence and crypto continues to fuel optimism, even as uncertainty persists around Fed independence, trade policy, and the state of the global economy. Resilience in earnings growth and the prospect of interest rate cuts has kept the market's upward momentum intact.

Within energy infrastructure, midstream equities were up modestly during fiscal Q3 and trailed broader energy and the S&P 500. There was a wide dispersion in performance this quarter with no clear subsector leadership in the midstream sector. While midstream has underperformed on a fiscal year-to-date basis, it has generated a total return of 20% over the last 12 months, outperforming broader energy and the S&P 500.[3]

Utilities also underperformed the broader equity markets during fiscal Q3. Performance was mixed across this sector as regulatory jurisdictions and power demand growth drove dispersion. The case for increasing load growth, however, remains very strong and we continue to be bullish on the outlook for KYN's power-related investments.

	Equity Market Indices			Energy Indices			KYN[1]
	S&P 500	DJIA	NASDAQ	AMNA[3]	XLU[8]	XLE[9]	
Fiscal Q3[6]	9.6%	8.2%	12.4%	2.2%	3.6%	11.8%	2.1%
Fiscal YTD[7]	8.1%	2.7%	12.2%	(1.6%)	4.0%	(3.1%)	(2.7%)
Last Twelve Months	15.9%	11.4%	22.0%	19.6%	13.8%	2.3%	19.2%

The Bifurcated Investment Case within Energy Infrastructure

Energy Infrastructure is a Broad Investment Universe

Energy Infrastructure companies are involved in a wide range of business activities in diversified markets across North America. While there are several common traits – like contracted cash flows, limited direct commodity exposure, and attractive dividend yields – the fundamental drivers of these businesses can be very different depending on the company.

Within the midstream sector, there has been a growing divergence over the last year in the investment case for natural gas-focused companies relative to their liquids-focused counterparts. Put simply, natural gas-focused companies are increasingly viewed as growth-oriented investments while liquids-focused companies are increasingly considered to be value-oriented investments. Structural natural gas demand growth from LNG exports and A.I./data centers, relative to a weaker backdrop for crude oil prices, has contributed to this bifurcation.

Natural Gas-Focused Companies Offer Durable Growth

Midstream natural gas companies are actively commercializing new projects to capitalize on expected demand growth. There have been many project announcements over the past year, and we expect this trend to continue. In aggregate, the midstream sector has sanctioned ~$40 billion of natural gas projects that are expected to come online by 2030. This compares to ~$4 billion of natural gas liquids (NGLs) projects being sanctioned over the same time period.[10]

The result of these growing project backlogs is a higher (and more durable) cash flow growth profile. On average, estimated annual growth in cash flow per share for natural gas-focused midstream companies is in the high-single digits over the next few years. We believe these growth prospects are very compelling given the contracted, lower-risk nature of these cash

Note: relevant footnotes can be found on page 5.

flows. Further, we believe this growth rate is achievable over a more extended period of time for many of KYN's top holdings. This positive messaging came through loud and clear during the Q2 earnings season. Management teams shared a very confident view on their outlooks and appear to be on "offense" given such an exciting (and high quality) opportunity set.

Liquids-Focused Companies Offer Attractive Value

Our outlook for crude oil prices, and in turn, domestic drilling activity and oil-related production trends, remains cautious. As discussed in prior letters, OPEC+ is currently in the process of reversing its prior production cuts, adding supply into a market where seasonal strength has temporarily masked weaker underlying fundamentals. While inventories outside of China had been low, providing some near-term support, that effect is expected to fade in the coming months as OPEC+ volumes increase and global balances swing into surplus (i.e., supply exceeding demand). There is potential for crude oil prices to weaken further if estimates for inventory builds prove to be accurate, and upside risk from supply disruptions does not play out.

In response to the weaker fundamental backdrop and decline in crude prices, domestic Exploration and Production companies (E&Ps) have reduced drilling activity. These activity reductions have been relatively minor so far, but it does result in a lower growth rate in domestic production, which translates into slower throughput growth for midstream companies that are exposed to crude oil, associated gas and NGL volumes. Importantly, activity reductions are typically most impactful for midstream businesses with assets located in second tier areas – in our opinion, most large midstream companies are well positioned for this type of environment.

Notwithstanding this uncertain backdrop, we believe liquids-focused midstream companies offer a compelling value proposition. The "liquids focused" label is a bit of a misnomer for many of these companies – they have asset footprints that are diversified across the full midstream value chain. Their cash flow profiles are durable, balance sheets remain strong, and free cash flow generation is poised to accelerate as capital spending tapers. Current return-of-capital yields average 7.3% (vs. 4.5% for their natural gas-focused counterparts), with potential for meaningful upside as companies increase dividends and share repurchases.[11] Further, liquids-focused midstream companies trade at roughly a 2.5x discount based on 2026 EBITDA (9.0x vs. 11.5x).[11] Through a combination of attractive valuations and selective positioning, we maintain strong conviction in the long-term return potential of the Company's liquids-focused midstream investments. We believe this resilience holds even if commodity prices weaken further or industry activity slows.

For KYN, the unique investment propositions between the two subsectors provide a balance between growth and value in the overall portfolio.

Utilities Continue to Signal Load Growth Upside

For the utilities space, the quarter was defined by accelerating load growth and a growing opportunity set. U.S. utilities are entering an unprecedented investment cycle driven by data centers, A.I., electrification, and manufacturing reshoring, with listed North American utilities planning to invest approximately $0.7 trillion in capital in 2025-2027, or nearly 40% more than the 2022-2024 time period.[12] This is pushing rate base and earnings estimates higher for the sector. At the same time, we continue to monitor financing risks, supply chain bottlenecks, workforce constraints, and permitting delays, as well as the potential for increased wholesale power and capacity prices. Increased M&A activity in the power sector continues to center around natural gas generation, with large independent power producers ("IPPs") acquiring sizable portfolios in transactions that have generally been well received by investors. These deals reflect a combination of factors: willing sellers monetizing assets built during a more challenged period, strong buyer currency following recent equity re-ratings, a strategic desire to get "long" power in anticipation of tightening market conditions, and compelling "buy vs. build" economics as the cost of new construction continues to rise.

Outlook: Navigating an Uncertain Environment

As we enter the final quarter of fiscal 2025, our outlook for KYN remains constructive. The near-term backdrop is characterized by policy volatility and shifting macro narratives, yet the underlying fundamentals for energy infrastructure

Note: relevant footnotes can be found on page 5.

remain strong. Rising natural gas demand is creating a durable foundation for multi-year investment and throughput growth, while the power sector is embarking on a historic capital investment cycle to meet record load requirements. These themes may be tested by periods of volatility, but they are anchored by long-term structural demand growth that we believe will prove resilient.

We continue to expect the midstream sector to generate low-to-mid-teens total returns over a multi-year period, supported by mid-single-digit growth in dividends and cash flows.[13] KYN's emphasis on balance-sheet strength, balanced portfolio allocations, and exposure to visible volume growth provides resilience in the near term and positions the Company to capitalize on structural tailwinds as they unfold. We remain focused on preserving flexibility, maintaining a conservative balance sheet, and positioning KYN to take advantage of opportunities as they arise. We appreciate your investment in KYN and your continued confidence in our strategy, and we encourage you to visit www.kaynefunds.com for additional commentary and insights.

Sincerely,

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

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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 midstream sector is the Alerian Midstream Energy Index (AMNA).

[4]KYN was the third best performing actively managed fund focused on the midstream sector on a total return basis (out of a universe of 30 funds). Fund universe includes AMZA, CCCNX, CSHZX, EGLIX, EIPI, EIPIX, EMLP, EMO, GLEPX, GMLPX, HMSIX, IMLPX, KYN, MDST, MLPNX, MLPOX, MLPTX, MLPZX, MLXIX, NML, PRPZX, RMLPX, SAIEX, SMLPX, SRV, TMLPX, TORIX, TYG, VLPIX, and WEEI.

[5]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.

[6]Fiscal Q3 2025 (6/1/25 – 8/31/25).

[7]Fiscal YTD (12/1/24 – 8/31/25).

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

[9]The 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.

[10]Based on Wells Fargo Research.

[11]Natural gas based on AM, DTM, KMI, TRP and WMB. Crude oil/liquids based on EPD, ET, OKE, MPLX, PAA, TRGP and WES. Total return of capital yields based on the group average.

[12]Reflects Bloomberg consensus estimates for 35 North American electric-focused utilities.

[13]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 for midstream equities set forth herein should not be viewed as an indicator of likely performance returns to investors. While subject to numerous assumptions, the primary considerations incorporated into these target returns are estimated dividend yields 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%. After incorporating the impacts of fees, expenses and leverage, Kayne Anderson views KYN as having the potential to generate similar 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.

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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