

Kayne Anderson

NextGen Energy & Infrastructure, Inc.



KMF Quarterly Report

February 28, 2021

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This report of Kayne Anderson NextGen Energy & Infrastructure, Inc. (the “Fund”) contains “forward-looking statements” as defined under the U.S. federal securities laws. Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to materially differ from the Fund’s historical experience and its present expectations or projections indicated in any forward-looking statement. 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 the Fund’s filings with the Securities and Exchange Commission (“SEC”). You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. The Fund undertakes no obligation to publicly update or revise any forward-looking statements made herein. There is no assurance that the Fund’s investment objectives will be attained.

All investments in securities involve risks, including the possible loss of principal. The value of an investment in the Fund could be volatile, and you could suffer losses of some or a substantial portion of the amount invested. The Fund’s concentration of investments in energy infrastructure companies subjects it to the risks of the energy sector, including the risks of declines in energy and commodity prices, decreases in energy demand, adverse weather conditions, natural or other disasters, changes in government regulation, and changes in tax laws. Leverage creates risks that may adversely affect return, including the likelihood of greater volatility of net asset value and market price of common shares and fluctuations in distribution rates, which increases a stockholder’s risk of loss.

Performance data quoted in this report represent past performance and are for the stated time period only. Past performance is not a guarantee of future results. Current performance may be lower or higher than that shown based on market fluctuations from the end of the reported period.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
ADOPTION OF AN OPTIONAL DELIVERY METHOD FOR SHAREHOLDER REPORTS

Rule 30e-3 Notice

Paper copies of Kayne Anderson NextGen Energy & Infrastructure, Inc.'s (the "Fund") annual and semi-annual shareholder reports are no longer being sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website (www.kaynefunds.com), and you will be notified by mail each time a report is posted and provided with a website link to access the report.

You may elect to receive paper copies of shareholder reports and other communications from the Fund anytime by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by calling the Fund at 1-877-657-3863. Your election to receive reports in paper will apply to all funds held in your account if you invest through your financial intermediary or all funds held directly with KA Fund Advisors, LLC.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
LETTER TO STOCKHOLDERS

April 23, 2021

Dear Fellow Stockholders:

As we have said in our past several updates, we hope this letter finds you and your families healthy and safe. After more than a year, it appears the worst of the pandemic is finally behind us in the United States. We are optimistic about the prospects for the domestic economy and a gradual return to a more normal lifestyle over the next twelve months. That said, we do not want to minimize the suffering and tragic loss of life inflicted by this global health crisis, nor do we want to ignore the fact that many parts of the world are still struggling to control the spread of COVID-19. While we expect a continuation of the recovery in global economic activity during 2021, we also believe it will likely be accompanied by relatively high volatility as financial markets digest a steady flow of new — and sometimes conflicting — data about the pandemic response, fiscal & monetary policies, global trade, and inflation.

This letter focuses on market conditions and KMF's strong performance thus far during fiscal 2021. During the first five months of the new fiscal year, we have seen several policy initiatives from the Biden administration promoting investment in infrastructure, with particular emphasis on the Energy Transition. These initiatives should foster even greater development of domestic renewable energy. We are also optimistic that policies ultimately supported by congress and the administration will acknowledge the important role of traditional energy sources in bridging us to a lower carbon future. We think this is an especially positive backdrop for KMF, with a majority of the portfolio in NextGen companies¹ poised to capitalize on the growing enthusiasm for Energy Transition; and the balance of its portfolio positioned to benefit from the continued recovery in traditional midstream companies.

Market Conditions

While the broader market experienced bouts of volatility during the first three months of fiscal 2021, the S&P 500 ended the quarter up 5.6%² and has continued to set record highs during March and April. In our opinion, market optimism is certainly warranted given the recovery from the pandemic, supportive monetary policies, and record fiscal stimulus. Domestic GDP is projected to grow in 2021 at the fastest rate since the 1980s as a result. That said, we also see signs of potential asset bubbles and excess risk appetite by certain market participants. Rapid increases in prices for cryptocurrencies, short squeezes of illiquid stocks, and stunning amounts of capital raised in initial public offerings for SPACs are a few examples. Interest rates have also risen dramatically over the past five months, and many expect rates to rise further as the market weighs the need to finance greater government deficits as well as the potential for inflation to ratchet higher.

We are watching this unfold with a mix of enthusiasm and caution. We believe the Biden administration's support for record stimulus spending and the Federal Reserve's willingness to tolerate a temporary surge in inflation should disproportionately benefit the energy sector as industrial activity and travel rebound. Against that backdrop, we expect that value stocks, including companies in the energy and infrastructure sectors, will continue to attract investors away from technology and other growth stocks in coming quarters. For the reasons mentioned above, however, we would not be surprised to see a temporary correction in the broader equity markets, even in the midst of very strong economic recovery and record growth rates in corporate earnings. The potential for rising interest rates could also be a material headwind for the broader market and valuations for growth equities, but we believe this is a very manageable risk for KMF's portfolio.

1 Refer to the Glossary of Key Terms for definitions of NextGen Companies and Green Utilities.

2 Performance metrics in this letter represent total returns unless specifically noted otherwise.

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Regarding the sectors in which KMF invests, it was a divergent start to fiscal 2021 for utilities, renewable infrastructure, and midstream equities. Utilities traded off during the quarter, with the PHLX Utility Index (UTY) down 6.1%, lagging the broader market as investors expressed a preference for stocks in sectors more levered to an economic recovery versus defensive sectors. Utilities have since rebounded, and the UTY is now up 7.7% in fiscal 2021. The renewable infrastructure sector was roughly flat for the quarter (up 1%)³. This does not tell the whole story, however, as renewable infrastructure equities were very strong in the first five weeks of the quarter (up 13.5%), only to give back all those gains in January and February. Rising interest rates and a market rotation from growth into value negatively impacted performance during that period, but performance has stabilized in recent weeks, and the sector is currently up 8.4% for the fiscal year. Finally, it was an exceptionally strong quarter for the midstream sector, with the Alerian Midstream Energy Index (AMNA) outperforming the S&P 500 by approximately 700 basis points. Since the end of KMF's fiscal first quarter, this sector has continued to trade well, with the AMNA now up more than 23% this fiscal year. We would note that the fundamentals driving performance in each of these subsectors is distinct and complementary to KMF's overall performance. Midstream companies have transitioned to harvesting cash flow and returning more cash to shareholders. The utilities in KMF's portfolio are primarily Green Utilities¹ that have stable, regulated base businesses and are aggressively investing in Energy Transition projects. Renewable infrastructure companies add high growth to the mix with businesses supported by the macro tailwinds of Energy Transition and electrification.

Crude oil and related energy commodities have also rallied dramatically over the past four months. WTI is now trading above \$60 per barrel, up 50% from mid-November levels on the prospects for rebounding demand. Another important contributor to the rally was the surprise move by Saudi Arabia to invoke incremental production cuts in an effort to reduce excess global crude inventories more quickly. These unanticipated cuts altered the market narrative, which had been focused on concerns about production ramping up too quickly. Meanwhile, we are encouraged that North American producers have continued to be highly disciplined with respect to keeping 2021 capital expenditure plans intact, resisting the urge to ramp spending in the face of higher short-term prices. We are cautiously optimistic that the larger public upstream companies will continue on the path of de-levering and modest production growth through 2022, which will allow curtailed OPEC volumes to return as demand rebounds. In our opinion, this would create a very healthy environment for the midstream sector as volumes begin to grow modestly, prices stabilize, and upstream companies exit this period with much stronger balance sheets. It is worth noting that some forecasters are now predicting that crude oil prices could trade much higher this year (perhaps approaching \$80 per barrel). We certainly acknowledge this possibility depending upon how fast demand recovers, but our long-term view of crude prices is still firmly anchored around \$60 per barrel, a constructive level for all of the energy infrastructure sectors in which we invest.

KMF's Portfolio and Performance

Equities of NextGen companies make up roughly 64% of KMF's portfolio. As a reminder, these are companies that are meaningfully participating in, or benefiting from, the Energy Transition, including green utilities, renewable infrastructure companies, and natural gas/LNG midstream companies. The remainder of our portfolio is invested in credit/preferred securities and larger, diversified midstream equities that are positioned to enjoy the benefits of increasing discretionary free cash flow but are also resilient businesses with strong balance sheets capable of weathering unforeseen economic

³ Based on a composite total return for 39 domestic and international renewable infrastructure companies (calculated on a market-cap weighted basis).

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LETTER TO STOCKHOLDERS

headwinds. We are pleased with KMF's current portfolio diversification and liquidity, which has been enhanced by rotating out of several smaller, less liquid midstream equities into more liquid utility and renewable infrastructure names over the past year.

While our focus is primarily on long-term, risk-adjusted returns, we believe KMF's performance since the start of the fiscal year is notable and reflects the benefits of our diversified portfolio. As of April 23rd, KMF's Net Asset Return since the start of our fiscal year was 21.8%⁴, and KMF's Market Return was 31.3%⁵. We believe our current sector allocations provide an attractive mix of exposure to the Energy Transition megatrend, complemented by allocations to high-quality midstream companies that should benefit from the improving economy over the next several quarters. Our use of leverage at KMF will also continue to have a conservative bias with a target leverage to total asset ratio of 25% to 30%.

We encourage investors to visit our website at www.kaynefunds.com for more information about the Fund, including the podcasts posted within the "Insights" page that discuss performance and key industry trends. We plan to host a virtual investor presentation during May, which will provide a more in-depth discussion of our outlook for the Fund and the energy infrastructure sectors in which we invest. Once the details of this event are finalized, we will issue a press release and post the information on our website. We appreciate your investment in KMF and look forward to providing future updates.

KA Fund Advisors, LLC

4 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).

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

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
MANAGEMENT DISCUSSION
(UNAUDITED)

Fund Overview

Kayne Anderson NextGen Energy & Infrastructure, Inc. (the “Fund” or “KMF”) is a non-diversified, closed-end fund that commenced operations in November 2010. Our investment objective is to provide a high level of total return with an emphasis on making cash distributions to our stockholders. We seek to achieve that investment objective by investing at least 80% of our total assets in the securities of Energy Companies and Infrastructure Companies. We expect to invest the majority of our assets in securities of “NextGen” companies which we define as Energy Companies and Infrastructure Companies that are meaningfully participating in, or benefitting from, the Energy Transition. Please see the Glossary of Key Terms for a description of these investment categories and for the meaning of capitalized terms not otherwise defined herein.

As of February 28, 2021, we had total assets of \$482 million, net assets applicable to our common stockholders of \$360 million (net asset value of \$7.64 per share), and 47.2 million shares of common stock outstanding. As of February 28, 2021, we held \$471 million in equity investments and \$5 million in debt investments.

Our Top Ten Portfolio Investments

Listed below are our top ten portfolio investments by issuer as of February 28, 2021.

Holding	Category ⁽¹⁾	Amount (\$ in millions)	Percent of Long-Term Investments
1. Targa Resources Corp.	Midstream Company	\$ 31.7	6.7%
2. The Williams Companies, Inc.	Midstream Company	30.8	6.5
3. Brookfield Renewable Partners L.P. ⁽²⁾ . . .	Renewable Infrastructure Company	26.7	5.6
4. Enterprise Products Partners L.P. ⁽³⁾ . . .	Midstream Company	25.9	5.4
5. Atlantica Sustainable Infrastructure plc . . .	Renewable Infrastructure Company	18.0	3.8
6. NextEra Energy Partners, LP	Renewable Infrastructure Company	17.7	3.7
7. Kinder Morgan, Inc.	Midstream Company	17.0	3.6
8. Cheniere Energy, Inc.	Midstream Company	15.0	3.1
9. TC Energy Corporation	Midstream Company	13.1	2.8
10. MPLX LP	Midstream Company	13.1	2.7
		<u>\$209.0</u>	<u>43.9%</u>

(1) See Glossary of Key Terms for definitions.

(2) Includes ownership of Brookfield Renewable Partners, L.P (“BEP”) and Brookfield Renewable Corporation (“BEPC”).

(3) Includes ownership of common and preferred units.

Results of Operations — For the Three Months Ended February 28, 2021

Investment Income. Investment income totaled \$2.7 million for the quarter and consisted primarily of net dividends and distributions and interest income on our investments. We received \$5.8 million of dividends and distributions, of which \$3.2 million was treated as return of capital and \$0.1 million was treated as distributions in excess of cost basis. Interest income was \$0.2 million.

Operating Expenses. Operating expenses totaled \$3.1 million, including \$1.5 million of investment management fees, \$0.9 million of interest expense, \$0.3 million of preferred stock

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(UNAUDITED)

distributions and \$0.4 million of other operating expenses. Interest expense includes \$0.1 million of non-cash amortization of debt issuance costs. Preferred stock distributions include \$0.06 million of non-cash amortization.

Net Investment Loss. Our net investment loss totaled \$0.4 million.

Net Realized Losses. We had net realized losses of \$0.3 million.

Net Change in Unrealized Gains. We had unrealized gains of \$34.1 million from investments.

Net Increase in Net Assets Resulting from Operations. As a result of the above, we had a net increase in net assets resulting from operations of \$33.4 million.

Distributions to Common Stockholders

Net distributable income (“NDI”) is the amount of income received by us from our portfolio investments less operating expenses, subject to certain adjustments as described below. NDI is one of several items considered by our Board of Directors in setting our distribution to common stockholders. NDI is not a financial measure under the accounting principles generally accepted in the United States of America (“GAAP”). Refer to the “Reconciliation of NDI to GAAP” section below for a reconciliation of this measure to our results reported under GAAP.

Income from portfolio investments includes (a) cash dividends and distributions, (b) paid-in-kind dividends received (*i.e.*, stock dividends), (c) interest income from debt securities and commitment fees from private investments in public equity (“PIPE investments”) and (d) net premiums received from the sale of covered calls.

Operating expenses include (a) investment management fees paid to our investment adviser, (b) other expenses (mostly comprised of fees paid to other service providers), (c) accrual for estimated excise taxes (if any) and (d) interest expense and preferred stock distributions.

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MANAGEMENT DISCUSSION
(UNAUDITED)

Net Distributable Income (NDI)
(amounts in millions, except for per share amounts)

	Three Months Ended February 28, 2021
Distributions and Other Income from Investments	
Dividends	\$ 5.8
Interest Income	0.2
Net Premiums Received from Call Options Written	0.1
Total Distributions and Other Income from Investment	6.1
Expenses	
Investment Management Fee	(1.5)
Other Expenses	(0.4)
Interest Expense	(0.8)
Preferred Stock Distributions	(0.2)
Net Distributable Income (NDI)	\$ 3.2
Weighted Shares Outstanding	47.2
NDI per Weighted Share Outstanding	\$0.067
Adjusted NDI per Weighted Share Outstanding⁽¹⁾	\$0.074

(1) Adjusted NDI includes distributions from Atlantica Sustainable Infrastructure plc and Rattler Midstream LP attributable to the first quarter of fiscal 2021 with ex-dividend dates in March 2021, which were after our quarter end (\$0.3 million).

On March 9, 2021, KMF declared a quarterly distribution of \$0.09 per common share for the first quarter, which was paid on March 31, 2021. Payment of future distributions is subject to Board of Directors approval, as well as meeting the covenants on our debt agreements and terms of our preferred stock.

Reconciliation of NDI to GAAP

The difference between distributions and other income from investments in the NDI calculation and total investment income as reported in our Statement of Operations is reconciled as follows:

- A significant portion of the cash distributions received from our investments is characterized as return of capital. For GAAP purposes, return of capital distributions are excluded from investment income, whereas the NDI calculation includes the return of capital portion of such distributions.
- GAAP recognizes distributions received from our investments that exceed the cost basis of our securities to be realized gains and are therefore excluded from investment income, whereas the NDI calculation includes these distributions.
- NDI includes the value of paid-in-kind dividends and distributions whereas such amounts are not included as investment income for GAAP purposes, but rather are recorded as unrealized gains upon receipt.
- NDI includes commitment fees from PIPE investments, whereas such amounts are generally not included in investment income for GAAP purposes, but rather are recorded as a reduction to the cost of the investment.

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MANAGEMENT DISCUSSION
(UNAUDITED)

- We may sell covered call option contracts to generate income or to reduce our ownership of certain securities that we hold. In some cases, we are able to repurchase these call option contracts at a price less than the call premium that we received, thereby generating a profit. The premium we receive from selling call options, less (i) the amount that we pay to repurchase such call option contracts and (ii) the amount by which the market price of an underlying security is above the strike price at the time a new call option is written (if any), is included in NDI. For GAAP purposes, premiums received from call option contracts sold are not included in investment income. See Note 2 — Significant Accounting Policies for a full discussion of the GAAP treatment of option contracts.

The treatment of expenses included in NDI also differs from what is reported in the Statement of Operations as follows:

- The non-cash amortization or write-offs of capitalized debt issuance costs and preferred stock offering costs related to our financings is included in interest expense and distributions on preferred stock for GAAP purposes, but is excluded from our calculation of NDI.
- NDI also includes recurring payments (or receipts) on interest rate swap contracts or the amortization of termination payments on interest rate swap contracts entered into in anticipation of an offering of senior unsecured notes (“Notes”) and mandatory redeemable preferred stock (“MRP Shares”). The termination payments on interest rate swap contracts are amortized over the term of the Notes or MRP Shares issued. For GAAP purposes, these amounts are included in the realized gains/losses section of the Statement of Operations in the period in which the termination payments were incurred.
- Under GAAP, excise taxes are accrued when probable and estimable. For NDI, we exclude excise tax that is unrelated to the current fiscal period.
- For GAAP purposes, offering costs incurred related to the issuance of common stock reduce paid-in capital when stock is issued. Certain costs related to registration statements or shelf offerings may be written off once the registration statement or prospectus’ usefulness has expired. The non-cash amortization or write-off of these offering costs is included in operating expense for GAAP purposes, but is excluded from our calculation of NDI.

Liquidity and Capital Resources

At February 28, 2021, we had total leverage outstanding of \$120 million, which represented 25% of total assets. Total leverage was comprised of \$85 million of Notes, \$22 million of MRP Shares and \$13 million of borrowings outstanding under our unsecured revolving credit facility (the “Credit Facility”). At such date, we had \$2.5 million of cash and cash equivalents. As of April 23, 2021, we had \$34 million borrowings outstanding under our Credit Facility and we had \$1 million of cash.

On February 8, 2021, we entered into a \$50 million Credit Facility. The Credit Facility matures on February 25, 2022, and replaces our \$70 million unsecured revolving credit facility that was scheduled to mature on February 8, 2021. The interest rate on borrowings under the Credit Facility may vary between LIBOR plus 1.30% and LIBOR plus 2.15%, depending on our asset coverage ratios. We pay a fee of 0.20% per annum on any unused amounts of the Credit Facility.

At February 28, 2021, we had \$85 million of Notes outstanding that mature between 2022 and 2025 and we had \$22 million of MRP Shares outstanding that are subject to mandatory redemption between 2021 and 2024. We have \$13 million of MRP Shares that are scheduled to mature in fiscal 2021. On April 27, 2021, we announced that we reached a conditional agreement with institutional

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
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(UNAUDITED)

investors for the private placement of \$20 million of new MRP Shares. This private placement is scheduled to close on or about May 11, 2021. We expect to refinance our 2021 maturities with borrowings under our Credit Facility or with proceeds from the announced private placement of MRP Shares.

At February 28, 2021, our asset coverage ratios under the Investment Company Act of 1940, as amended ("1940 Act"), were 492% for debt and 401% for total leverage (debt plus preferred stock).

Our target asset coverage ratio with respect to our debt is 460% and our target total leverage asset coverage ratio is 345%. At times we may be above or below this target depending on market conditions as well as certain other factors.

As of February 28, 2021, our total leverage consisted 89% of fixed rate obligations and 11% of floating rate obligations. At such date, the weighted average interest/dividend rate on our total leverage was 3.42%.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
SCHEDULE OF INVESTMENTS
FEBRUARY 28, 2021
(amounts in 000's, except number of option contracts)
(UNAUDITED)

<u>Description</u>	<u>No. of Shares/Units</u>	<u>Value</u>
Long-Term Investments — 132.1%		
Equity Investments⁽¹⁾ — 130.6%		
Midstream Company⁽²⁾ — 68.5%		
BP Midstream Partners LP ⁽³⁾	91	\$ 1,044
Cheniere Energy, Inc. ⁽⁴⁾⁽⁵⁾	222	14,974
Cheniere Energy Partners, L.P. ⁽³⁾⁽⁵⁾	101	4,007
DCP Midstream, LP — Series A Preferred Units ⁽³⁾⁽⁶⁾	6,005	5,164
Enbridge Inc. ⁽⁷⁾	348	11,764
Energy Transfer LP ⁽³⁾	1,235	9,437
EnLink Midstream Partners, LP, — Series C Preferred Units ⁽⁶⁾	8,605	5,131
Enterprise Products Partners L.P. ⁽³⁾	604	12,882
Enterprise Products Partners L.P. — Convertible Preferred Units ⁽³⁾⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	13	12,971
Equitrans Midstream Corporation ⁽⁵⁾	163	1,177
Equitrans Midstream Corporation — Convertible Preferred Shares ⁽⁵⁾⁽⁹⁾⁽¹⁰⁾⁽¹²⁾	238	4,316
Kinder Morgan, Inc. ⁽⁵⁾	1,158	17,028
KNOT Offshore Partners LP ⁽¹³⁾	297	4,936
ONEOK, Inc.	269	11,926
Magellan Midstream Partners, L.P. ⁽³⁾	156	6,500
MPLX LP ⁽³⁾	548	13,057
Pembina Pipeline Corporation ⁽⁷⁾	389	9,877
Phillips 66 Partners LP ⁽³⁾	35	926
Plains GP Holdings, L.P. ⁽¹⁴⁾⁽¹⁵⁾	695	5,988
Plains GP Holdings, L.P. — Plains AAP, L.P. ⁽⁹⁾⁽¹³⁾⁽¹⁴⁾⁽¹⁵⁾	690	5,944
Rattler Midstream LP ⁽¹³⁾	421	4,630
Targa Resources Corp. ⁽¹⁶⁾	1,025	31,716
TC Energy Corporation ⁽⁵⁾⁽⁷⁾⁽¹⁷⁾	313	13,123
TC PipeLines, LP ⁽³⁾⁽⁵⁾⁽¹⁷⁾	265	7,726
The Williams Companies, Inc. ⁽⁵⁾⁽¹⁶⁾	1,347	30,772
		<u>247,016</u>
Renewable Infrastructure Company⁽²⁾⁽⁵⁾ — 33.5%		
Acciona, S.A. ⁽⁷⁾	9	1,449
Aker Horizons AS ⁽⁴⁾⁽⁷⁾	187	867
Atlantica Sustainable Infrastructure plc ⁽⁷⁾	498	17,995
Brookfield Renewable Partners L.P. ⁽⁷⁾	412	17,396
Brookfield Renewable Corporation — Class A ⁽⁷⁾	202	9,309
Clearway Energy, Inc. — Class A	231	6,030
Clearway Energy, Inc. — Class C	102	2,804
EDP Renováveis, S.A. ⁽⁷⁾	61	1,339
Innogy Renewable Energy Inc. ⁽⁷⁾	460	8,701
Enviva Partners, LP ⁽³⁾	231	12,237
MPC Energy Solutions N.V. ⁽⁴⁾⁽⁷⁾	184	923
NextEra Energy Partners, LP	244	17,724
Northland Power Inc. ⁽⁷⁾	349	11,575
Orsted A/S ⁽⁷⁾	25	4,078
Terna Energy S.A. ⁽⁷⁾	309	4,515
TransAlta Renewables Inc. ⁽⁷⁾	242	3,834
		<u>120,776</u>

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
SCHEDULE OF INVESTMENTS
FEBRUARY 28, 2021
(amounts in 000's, except number of option contracts)
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<u>Description</u>	<u>No. of Shares/Units</u>	<u>Value</u>	
Utility Company⁽²⁾⁽⁵⁾ — 25.8%			
AB Ignitis Grupe ⁽⁴⁾⁽⁷⁾	94	\$ 2,364	
Algonquin Power & Utilities Corp. ⁽⁷⁾	594	9,177	
Avangrid, Inc.	77	3,505	
Dominion Energy, Inc.	87	5,964	
Duke Energy Corporation	55	4,665	
EDP — Energias de Portugal, S.A. ⁽⁷⁾	1,352	7,757	
Enel — Società per Azioni ⁽⁷⁾	837	7,892	
Engie SA ⁽⁷⁾	225	3,278	
Evergy, Inc.	56	3,025	
Eversource Energy	65	5,150	
Iberdrola, S.A. ⁽⁷⁾	433	5,427	
NextEra Energy, Inc.	156	11,492	
Sempra Energy	61	7,029	
SSE plc ⁽⁷⁾	283	5,244	
The AES Corporation	119	3,155	
TransAlta Corporation ⁽⁷⁾	297	2,595	
Xcel Energy Inc.	87	5,074	
		<u>92,793</u>	
Other Energy Company⁽²⁾ — 2.0%			
Phillips 66	86	7,117	
Other⁽²⁾ — 0.8%			
Flughafen Zurich AG ⁽⁷⁾	17	3,006	
Total Equity Investments (Cost — \$477,011)		<u>470,708</u>	
	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Amount</u>
Debt Instruments — 1.5%			
Midstream Company⁽²⁾ — 1.5%			
Buckeye Partners, L.P. (Cost — \$5,222)	6.375%	1/22/78	\$6,680
Total Long-Term Investments — 132.1% (Cost — \$482,233)			<u>476,119</u>

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
SCHEDULE OF INVESTMENTS
FEBRUARY 28, 2021
(amounts in 000's, except number of option contracts)
(UNAUDITED)

<u>Description</u>	<u>Strike Price</u>	<u>Expiration Date</u>	<u>No. of Contracts</u>	<u>Notional Amount⁽¹⁸⁾</u>	<u>Value</u>
Liabilities					
Call Option Contracts Written⁽⁴⁾					
Midstream Company⁽²⁾					
Targa Resources Corp.	\$35.00	3/19/21	400	\$1,237	\$ (8)
Targa Resources Corp.	36.00	3/19/21	250	773	(3)
The Williams Companies, Inc.	23.00	3/19/21	500	1,142	(31)
Total Call Option Contracts Written (Premiums Received — \$71)					(42)
Debt					(97,515)
Mandatory Redeemable Preferred Stock at Liquidation Value					(22,188)
Other Assets in Excess of Other Liabilities					4,024
Net Assets Applicable to Common Stockholders					<u>\$360,398</u>

- (1) Unless otherwise noted, equity investments are common units/common shares.
- (2) Refer to the “Glossary of Key Terms” for the definitions.
- (3) Securities are treated as a qualified publicly-traded partnership for RIC qualification purposes. To qualify as a RIC for tax purposes, the Fund may directly invest up to 25% of its total assets in equity and debt securities of entities treated as qualified publicly-traded partnerships. The Fund had 17.8% of its total assets invested in qualified publicly-traded partnerships at February 28, 2021. It is the Fund’s intention to be treated as a RIC for tax purposes.
- (4) Security is non-income producing.
- (5) For the purposes of the Fund’s investment policies, it considers NextGen companies to be Energy Companies and Infrastructure Companies that are meaningfully participating in, or benefitting from, the Energy Transition. For these purposes we include Renewable Infrastructure Companies, Green Utilities and Midstream Companies that primarily own and/or operate Midstream Assets related to natural gas or liquefied natural gas.
- (6) Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units. Distributions are payable at a rate of 7.375% per annum through December 15, 2022. On and after December 15, 2022, distributions on the Series A Preferred Units will be payable at a rate equal to the three-month LIBOR plus 5.148% per annum.
- (7) Foreign security.
- (8) Series C Preferred Units are cumulative redeemable perpetual units. Distributions on the Series C Preferred Units are payable at a rate of 6.0% per annum through December 15, 2022. On and after December 15, 2022, the rate will be based on three-month LIBOR, determined quarterly, plus 4.11%.
- (9) The Fund’s ability to sell this security is subject to certain legal or contractual restrictions. As of February 28, 2021, the aggregate value of restricted securities held by the Fund was \$23,231 (4.8% of total assets), which included \$5,944 of Level 2 securities and \$17,287 of Level 3 securities. See Note 7 — Restricted Securities.
- (10) Fair valued on a recurring basis using significant unobservable inputs (Level 3). See Notes 2 and 3 in Notes to Financial Statements.
- (11) On September 30, 2020, the Fund purchased, Series A Cumulative Convertible Preferred Units (“EPD Convertible Preferred Units”) from Enterprise Products Partners, L.P. (“EPD”). The EPD

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
SCHEDULE OF INVESTMENTS
FEBRUARY 28, 2021
(amounts in 000's, except number of option contracts)
(UNAUDITED)

Convertible Preferred Units are senior to the common units in terms of liquidation preference and priority of distributions, and pay a distribution of 7.25% per annum. The EPD Convertible Preferred Units are convertible into EPD common units at anytime after September 29, 2025 at the liquidation preference amount divided by 92.5% of the 5-day volume weighted average price of the EPD's common units at such time.

- (12) The Equitrans Midstream Corporation ("ETRN") Convertible Preferred Shares are convertible on a one-for-one basis into common shares of ETRN after April 10, 2021. The ETRN Convertible Preferred Shares pay quarterly cash distributions based on an annual rate of (a) 9.75% through March 31, 2024 and (b) the greater of (i) 10.5% or (ii) LIBOR plus 8.15% thereafter.
- (13) This company is structured like an MLP, but is not treated as a qualified publicly-traded partnership for regulated investment company ("RIC") qualification purposes.
- (14) The Fund believes that it is an affiliate of Plains AAP, L.P. ("PAGP-AAP") and Plains GP Holdings, L.P. ("PAGP"). See Note 5 — Agreements and Affiliations.
- (15) The Fund's ownership of PAGP-AAP is exchangeable on a one-for-one basis into either PAGP shares or Plains All American Pipeline, L.P. ("PAA") units at the Fund's option. The Fund values its PAGP-AAP investment on an "as exchanged" basis based on the higher public market value of either PAGP or PAA. As of February 28, 2021, the Fund's PAGP-AAP investment is valued at PAGP's closing price. See Note 7 — Restricted Securities.
- (16) Security or a portion thereof is segregated as collateral on option contracts written.
- (17) On March 3, 2021, TC Energy Corporation ("TRP") and TC Pipelines, LP ("TCP") completed their previously announced stock-for-unit merger. TCP unitholders received 0.70 TRP common shares for each TCP common unit held.
- (18) The notional amount of call option contracts written is the product of (a) the number of contracts written, (b) 100 (each contract entitles the option holder to 100 units/shares) and (c) the market price of the underlying security as of February 28, 2021.

At February 28, 2021, the Fund's geographic allocation was as follows:

<u>Geographic Location</u>	<u>% of Long-Term Investments</u>
United States	65.7%
Canada	20.4%
Europe/U.K.	13.9%

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
STATEMENT OF ASSETS AND LIABILITIES
FEBRUARY 28, 2021
(amounts in 000's, except share and per share amounts)
(UNAUDITED)

ASSETS

Investments, at fair value:	
Non-affiliated (Cost — \$440,874)	\$ 464,187
Affiliated (Cost — \$41,359)	11,932
Cash	2,494
Deposits with brokers	262
Interest, dividends and distributions receivable (Cost — \$1,313)	1,314
Deferred credit facility offering costs and other assets	<u>1,418</u>
Total Assets	<u>481,607</u>

LIABILITIES

Investment management fee payable	469
Accrued directors' fees	74
Call option contracts written (Premiums received — \$71)	42
Accrued expenses and other liabilities	1,438
Credit facility	13,000
Notes	84,515
Unamortized notes issuance costs	(316)
Mandatory redeemable preferred stock, \$25.00 liquidation value per share (887,516 shares issued and outstanding)	22,188
Unamortized mandatory redeemable preferred stock issuance costs	<u>(201)</u>
Total Liabilities	<u>121,209</u>

NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS **\$ 360,398**

NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS CONSIST OF

Common stock, \$0.001 par value (47,197,462 shares issued and outstanding, 199,112,484 shares authorized)	\$ 47
Paid-in capital	816,368
Total distributable earnings (loss)	<u>(456,017)</u>

NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS **\$ 360,398**

NET ASSET VALUE PER COMMON SHARE **\$ 7.64**

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2021
(amounts in 000's)
(UNAUDITED)

INVESTMENT INCOME

Income

Dividends and distributions:	
Non-affiliated investments	\$ 5,569
Affiliated investments	249
Total dividends and distributions (after foreign taxes withheld of \$215)	5,818
Return of capital	(3,221)
Distributions in excess of cost basis	(120)
Net dividends and distributions	2,477
Interest income	242
Total Investment Income	<u>2,719</u>

Expenses

Investment management fees	1,473
Professional fees	91
Directors' fees	72
Administration fees	69
Reports to stockholders	42
Insurance	40
Custodian fees	12
Other expenses	55
Total Expenses — before interest expense and preferred distributions	1,854
Interest expense including amortization of offering costs	976
Distributions on mandatory redeemable preferred stock including amortization of offering costs	304
Total Expenses	<u>3,134</u>
Net Investment Loss	<u>(415)</u>

REALIZED AND UNREALIZED GAINS (LOSSES)

Net Realized Gains (Losses)

Investments — non-affiliated	(285)
Foreign currency transactions	(20)
Net Realized Losses	<u>(305)</u>

Net Change in Unrealized Gains (Losses)

Investments — non-affiliated	32,931
Investments — affiliated	1,186
Foreign currency translations	(7)
Options	29
Net Change in Unrealized Gains	<u>34,139</u>
Net Realized and Unrealized Gains	<u>33,834</u>

**NET INCREASE IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS
RESULTING FROM OPERATIONS**

\$33,419

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
STATEMENT OF CHANGES IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS
(amounts in 000's, except share amounts)

	For the Three Months Ended February 28, 2021 (Unaudited)	For the Fiscal Year Ended November 30, 2020
OPERATIONS		
Net investment loss ⁽¹⁾	\$ (415)	\$ (7,134)
Net realized losses	(305)	(167,744)
Net change in unrealized gains (losses)	<u>34,139</u>	<u>(5,197)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>33,419</u>	<u>(180,075)</u>
DIVIDENDS AND DISTRIBUTIONS TO COMMON STOCKHOLDERS⁽¹⁾		
Dividends	(4,248) ⁽²⁾	(22,129)
Distributions — return of capital	<u>—</u> ⁽²⁾	<u>(526)</u>
Dividends and Distributions to Common Stockholders	<u>(4,248)</u>	<u>(22,655)</u>
Total Increase (Decrease) in Net Assets Applicable to Common Stockholders	<u>29,171</u>	<u>(202,730)</u>
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS		
Beginning of period	<u>331,227</u>	<u>533,957</u>
End of period	<u>\$360,398</u>	<u>\$ 331,227</u>

- (1) Distributions on the Fund's mandatory redeemable preferred stock ("MRP Shares") are treated as an operating expense under GAAP and are included in the calculation of net investment loss. See Note 2 — Significant Accounting Policies.
- (2) Distributions paid to common stockholders for the three months ended February 28, 2021 are characterized as dividend income (a portion of which may be eligible to be treated as qualified dividend income) until after the end of the fiscal year when the Fund can determine its earnings and profits for the full fiscal year, which include gains and losses on the sale of securities for the remainder of the fiscal year. The final tax character may differ substantially from this preliminary information.

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2021
(amounts in 000's)
(UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES

Net increase in net assets resulting from operations	\$ 33,419
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:	
Return of capital distributions	3,221
Distributions in excess of cost basis	120
Net realized losses (excluding foreign currency transactions)	285
Net change in unrealized gains (excluding foreign currency translations)	(34,146)
Accretion of bond discounts, net	(18)
Purchase of long-term investments	(47,194)
Proceeds from sale of long-term investments	50,155
Increase in deposits with brokers	(15)
Decrease in interest, dividends and distributions receivable	189
Amortization of deferred debt offering costs	136
Amortization of mandatory redeemable preferred stock offering costs	63
Increase in other assets	(945)
Decrease in payable for securities purchased	(1,998)
Increase in investment management fee payable	40
Increase in premiums received on call option contracts written	71
Decrease in accrued directors' fees	(3)
Decrease in accrued expenses and other liabilities	(138)
Net Cash Provided by Operating Activities	<u>3,242</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in borrowings under credit facility	9,000
Redemption of mandatory redeemable preferred stock	(5,354)
Costs associated with mandatory redeemable preferred stock	(40)
Costs associated with renewal of credit facility	(264)
Cash distributions paid to common stockholders	(4,248)
Net Cash Used in Financing Activities	<u>(906)</u>

NET CHANGE IN CASH	2,336
CASH — BEGINNING OF PERIOD	<u>158</u>
CASH — END OF PERIOD	<u>\$ 2,494</u>

Supplemental disclosure of cash flow information:

During the three months ended February 28, 2021, interest paid related to debt obligations was \$854.

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
FINANCIAL HIGHLIGHTS
(amounts in 000's, except share and per share amounts)

	For the Three Months Ended February 28, 2021 (Unaudited)	For the Fiscal Year Ended November 30,		
		2020	2019	2018
Per Share of Common Stock⁽¹⁾				
Net asset value, beginning of period	\$ 7.02	\$ 11.31	\$ 12.57	\$ 14.15
Net investment income (loss) ⁽²⁾	(0.01)	(0.15)	(0.10)	(0.18)
Net realized and unrealized gains (losses)	0.72	(3.66)	(0.29)	(0.19)
Total income (loss) from operations	0.71	(3.81)	(0.39)	(0.37)
Common dividends — dividend income ⁽³⁾	(0.09)	(0.47)	—	(0.10)
Common distributions — long-term capital gains ⁽³⁾	—	—	—	—
Common distributions — return of capital ⁽³⁾	—	(0.01)	(0.93)	(1.10)
Total dividends and distributions — common	(0.09)	(0.48)	(0.93)	(1.20)
Offering expenses associated with the issuance of common stock	—	—	—	(0.01) ⁽⁵⁾
Effect of shares issued in reinvestment of distributions	—	—	—	—
Effect of issuance of common stock	—	—	—	—
Effect of common stock repurchased	—	—	0.06	—
Net asset value, end of period	\$ 7.64	\$ 7.02	\$ 11.31	\$ 12.57
Market value per share of common stock, end of period	\$ 6.14	\$ 5.25	\$ 9.65	\$ 10.96
Total investment return based on common stock market value ⁽⁶⁾	18.8% ⁽⁷⁾	(41.0)%	(4.2)%	(6.7)%
Total investment return based on net asset value ⁽⁸⁾	10.5% ⁽⁷⁾	(32.7)%	(2.1)%	(2.6)%
Supplemental Data and Ratios⁽⁹⁾				
Net assets applicable to common stockholders, end of period	\$ 360,398	\$ 331,227	\$ 533,957	\$ 614,603
Ratio of expenses to average net assets				
Management fees ⁽¹⁰⁾	1.7%	1.9%	1.8%	1.8%
Other expenses	0.4	0.4	0.3	0.4
Subtotal	2.1	2.3	2.1	2.2
Interest expense and distributions on mandatory redeemable preferred stock ⁽²⁾	1.5	3.2	1.9	1.8
Management fee waiver	—	—	—	—
Excise taxes	—	—	—	—
Total expenses	3.6%	5.5%	4.0%	4.0%
Ratio of net investment income (loss) to average net assets ⁽²⁾	(0.5)%	(2.0)%	(0.8)%	(1.1)%
Net increase (decrease) in net assets applicable to common stockholders resulting from operations to average net assets	9.5% ⁽⁷⁾	(50.7)%	(2.7)%	(16.1)%
Portfolio turnover rate	10.0% ⁽⁷⁾	51.8%	30.0%	21.9%
Average net assets	\$ 350,700	\$ 354,957	\$ 604,030	\$ 420,605
Notes outstanding, end of period ⁽¹¹⁾	\$ 84,515	\$ 84,515	\$ 200,923	\$ 200,923
Credit facility outstanding, end of period ⁽¹¹⁾	13,000	4,000	—	24,000
Term loan outstanding, end of period ⁽¹¹⁾	—	—	\$ —	\$ —
Mandatory redeemable preferred stock, end of period ⁽¹¹⁾	\$ 22,188	\$ 27,542	\$ 75,000	\$ 75,000
Average shares of common stock outstanding	47,197,462	47,197,462	47,903,748	30,639,065
Asset coverage of total debt ⁽¹²⁾	492.3%	505.3%	403.1%	406.6%
Asset coverage of total leverage (debt and preferred stock) ⁽¹³⁾	401.1%	385.4%	293.5%	304.9%
Average amount of borrowings per share of common stock during the period ⁽¹⁾	\$ 2.13	\$ 2.67	\$ 4.25	\$ 4.39

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
FINANCIAL HIGHLIGHTS
(amounts in 000's, except share and per share amounts)

	For the Fiscal Year Ended November 30,			
	2017	2016	2015	2014
Per Share of Common Stock⁽¹⁾				
Net asset value, beginning of period	\$ 17.41	\$ 17.56	\$ 39.51	\$ 35.75
Net investment income (loss) ⁽²⁾	0.14	(0.07)	0.30	(0.01)
Net realized and unrealized gains (losses)	(2.10)	1.43	(18.42)	5.61
Total income (loss) from operations	(1.96)	1.36	(18.12)	5.60
Common dividends — dividend income ⁽³⁾	(0.03)	(1.50)	(1.68)	(1.57)
Common distributions — long-term capital gains ⁽³⁾	—	—	(2.14)	(0.34)
Common distributions — return of capital ⁽³⁾	(1.27)	—	—	—
Total dividends and distributions — common	(1.30)	(1.50)	(3.82) ⁽⁴⁾	(1.91)
Offering expenses associated with the issuance of common stock	—	—	—	—
Effect of shares issued in reinvestment of distributions	—	(0.01)	(0.01)	(0.02)
Effect of issuance of common stock	—	—	—	—
Effect of common stock repurchased	—	—	—	0.09
Net asset value, end of period	<u>\$ 14.15</u>	<u>\$ 17.41</u>	<u>\$ 17.56</u>	<u>\$ 39.51</u>
Market value per share of common stock, end of period	<u>\$ 12.88</u>	<u>\$ 15.33</u>	<u>\$ 15.46</u>	<u>\$ 35.82</u>
Total investment return based on common stock market value ⁽⁶⁾	(8.7)%	12.7%	(50.2)%	15.3%
Total investment return based on net asset value ⁽⁶⁾	(11.7)%	12.7%	(48.7)%	16.4%
Supplemental Data and Ratios⁽⁹⁾				
Net assets applicable to common stockholders, end of period	\$ 311,843	\$ 383,557	\$ 380,478	\$ 854,257
Ratio of expenses to average net assets				
Management fees ⁽¹⁰⁾	1.7%	1.8%	1.9%	1.7%
Other expenses	0.4	0.5	0.2	0.2
Subtotal	2.1	2.3	2.1	1.9
Interest expense and distributions on mandatory redeemable preferred stock ⁽²⁾	1.7	3.8	2.5	1.7
Management fee waiver	—	—	—	—
Excise taxes	—	—	0.4	—
Total expenses	<u>3.8%</u>	<u>6.1%</u>	<u>5.0%</u>	<u>3.6%</u>
Ratio of net investment income (loss) to average net assets ⁽²⁾	0.9%	(0.5)%	1.0%	(0.0)%
Net increase (decrease) in net assets applicable to common stockholders resulting from operations to average net assets	(11.9)%	10.3%	(58.3)%	14.0%
Portfolio turnover rate	25.5%	48.2%	45.3%	45.3%
Average net assets	\$ 360,869	\$ 314,015	\$ 672,534	\$ 887,585
Notes outstanding, end of period ⁽¹¹⁾	\$ 91,000	\$ 91,000	\$ 185,000	\$ 235,000
Credit facility outstanding, end of period ⁽¹¹⁾	\$ —	\$ —	\$ —	\$ —
Term loan outstanding, end of period ⁽¹¹⁾	\$ —	\$ 27,000	\$ —	\$ 46,000
Mandatory redeemable preferred stock, end of period ⁽¹¹⁾	\$ 35,000	\$ 35,000	\$ 70,000	\$ 105,000
Average shares of common stock outstanding	22,034,170	21,975,582	21,657,943	21,897,671
Asset coverage of total debt ⁽¹²⁾	481.1%	454.7%	343.5%	441.4%
Asset coverage of total leverage (debt and preferred stock) ⁽¹³⁾	347.5%	350.7%	249.2%	321.3%
Average amount of borrowings per share of common stock during the period ⁽¹⁾	\$ 5.16	\$ 4.86	\$ 11.16	\$ 12.84

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
FINANCIAL HIGHLIGHTS
(amounts in 000's, except share and per share amounts)

	For the Fiscal Year Ended November 30,		
	2013	2012	2011
Per Share of Common Stock⁽¹⁾			
Net asset value, beginning of period	\$ 29.01	\$ 25.94	\$ 23.80
Net investment income (loss) ⁽²⁾	(0.06)	0.17	0.29
Net realized and unrealized gains (losses)	8.61	4.64	3.12
Total income (loss) from operations	8.55	4.81	3.41
Common dividends — dividend income ⁽³⁾	(1.15)	(1.30)	(1.20)
Common distributions — long-term capital gains ⁽³⁾	(0.66)	(0.41)	—
Common distributions — return of capital ⁽³⁾	—	—	—
Total dividends and distributions — common	(1.81)	(1.71)	(1.20)
Offering expenses associated with the issuance of common stock	—	—	—
Effect of shares issued in reinvestment of distributions	—	(0.03)	(0.04)
Effect of issuance of common stock	—	—	(0.03)
Effect of common stock repurchased	—	—	—
Net asset value, end of period	\$ 35.75	\$ 29.01	\$ 25.94
Market value per share of common stock, end of period	\$ 32.71	\$ 28.04	\$ 22.46
Total investment return based on common stock market value ⁽⁶⁾	23.5%	33.3%	(5.5)%
Total investment return based on net asset value ⁽⁸⁾	30.5%	19.4%	14.7%
Supplemental Data and Ratios⁽⁹⁾			
Net assets applicable to common stockholders, end of period	\$ 788,057	\$635,226	\$ 562,044
Ratio of expenses to average net assets			
Management fees ⁽¹⁰⁾	1.8%	1.7%	1.6%
Other expenses	0.2	0.3	0.3
Subtotal	2.0	2.0	1.9
Interest expense and distributions on mandatory redeemable preferred stock ⁽²⁾	1.8	1.8	1.3
Management fee waiver	—	—	(0.3)
Excise taxes	0.1	—	—
Total expenses	3.9%	3.8%	2.9%
Ratio of net investment income (loss) to average net assets ⁽²⁾	(0.2)%	0.6%	1.1%
Net increase (decrease) in net assets applicable to common stockholders resulting from operations to average net assets			
Portfolio turnover rate	49.1%	67.6%	74.1%
Average net assets	\$ 726,248	\$620,902	\$ 537,044
Notes outstanding, end of period ⁽¹¹⁾	\$ 205,000	\$165,000	\$ 115,000
Credit facility outstanding, end of period ⁽¹¹⁾	\$ 50,000	\$ 48,000	\$ 45,000
Term loan outstanding, end of period ⁽¹¹⁾	\$ —	\$ —	\$ —
Mandatory redeemable preferred stock, end of period ⁽¹¹⁾	\$ 65,000	\$ 65,000	\$ 35,000
Average shares of common stock outstanding	21,969,288	21,794,596	21,273,512
Asset coverage of total debt ⁽¹²⁾	434.5%	428.7%	473.2%
Asset coverage of total leverage (debt and preferred stock) ⁽¹³⁾	346.3%	328.5%	388.2%
Average amount of borrowings per share of common stock during the period ⁽¹⁾	\$ 10.51	\$ 8.85	\$ 6.50

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
FINANCIAL HIGHLIGHTS
(amounts in 000's, except share and per share amounts)

-
- (1) Based on average shares of common stock outstanding.
 - (2) Distributions on the Fund's MRP Shares are treated as an operating expense under GAAP and are included in the calculation of net investment income (loss). See Note 2 — Significant Accounting Policies.
 - (3) The actual characterization of the distributions made during the three months ended February 28, 2021 will not be determinable until after the end of the fiscal year when the Fund can determine its actual earnings and profits for the full fiscal year (which include gains and losses on the sale of securities for the remainder of the fiscal year) and may differ substantially from this preliminary information. The information presented for each of the other periods is a characterization of the total distributions paid to the common stockholders as either dividend income (a portion of which was eligible to be treated as qualified dividend income) or distributions (long-term capital gains or return of capital) and is based on the Fund's earnings and profits.
 - (4) Includes special distribution of \$1.80 per share paid in July 2015.
 - (5) Represents offering costs incurred in connection with the merger of Kayne Anderson Energy Total Return Fund, Inc.
 - (6) Total investment return based on market value is calculated assuming a purchase of common stock at the market price on the first day and a sale at the current market price on the last day of the period reported. The calculation also assumes reinvestment of distributions at actual prices pursuant to the Fund's dividend reinvestment plan.
 - (7) Not annualized.
 - (8) Total investment return based on net asset value is calculated assuming a purchase of common stock at the net asset value on the first day and a sale at the net asset value on the last day of the period reported. The calculation also assumes reinvestment of distributions at actual prices pursuant to the Fund's dividend reinvestment plan.
 - (9) Unless otherwise noted, ratios are annualized.
 - (10) Ratio reflects total management fee before waiver, if any.
 - (11) Principal/liquidation value.
 - (12) Calculated pursuant to section 18(a)(1)(A) of the 1940 Act. Represents the value of total assets less all liabilities not represented by Notes (principal value) or any other senior securities representing indebtedness and MRP Shares (liquidation value) divided by the aggregate amount of Notes and any other senior securities representing indebtedness. Under the 1940 Act, the Fund may not declare or make any distribution on its common stock nor can it incur additional indebtedness if at the time of such declaration or incurrence its asset coverage with respect to senior securities representing indebtedness would be less than 300%.
 - (13) Calculated pursuant to section 18(a)(2)(A) of the 1940 Act. Represents the value of total assets less all liabilities not represented by Notes (principal value), any other senior securities representing indebtedness and MRP Shares divided by the aggregate amount of Notes, any other senior securities representing indebtedness and MRP Shares (liquidation value). Under the 1940 Act, the Fund may not declare or make any distribution on its common stock nor can it issue additional preferred stock if at the time of such declaration or issuance, its asset coverage with respect to all senior securities would be less than 200%. In addition to the limitations under the 1940 Act, the Fund, under the terms of its MRP Shares, would not be able to declare or pay any distributions on its common stock if such declaration would cause its asset coverage with respect to all senior securities to be less than 225%.

See accompanying notes to financial statements.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
NOTES TO FINANCIAL STATEMENTS
(amounts in 000's, except number of option contracts, share and per share amounts)
(UNAUDITED)

1. Organization

Kayne Anderson NextGen Energy & Infrastructure, Inc. (the "Fund" or "KMF") is a Maryland corporation and commenced operations on November 24, 2010. The Fund is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a non-diversified, closed-end investment management company. The Fund's investment objective is to provide a high level of return with an emphasis on making cash distributions to its stockholders. The Fund seeks to achieve that investment objective by investing at least 80% of its total assets in the securities of Energy Companies and Infrastructure Companies. The Fund expects to invest the majority of its assets in "NextGen" companies, defined as Energy Companies and Infrastructure Companies that are meaningfully participating in, or benefitting from, the Energy Transition. See Glossary of Key Terms. The Fund's shares of common stock are listed on the New York Stock Exchange, Inc. ("NYSE") under the symbol "KMF."

2. Significant Accounting Policies

The following is a summary of the significant accounting policies that the Fund uses to prepare its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Fund is an investment company and follows accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) Topic 946 — "Financial Services — Investment Companies."

A. *Use of Estimates* — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the period. Actual results could differ materially from those estimates.

B. *Cash and Cash Equivalents* — Cash and cash equivalents include short-term, liquid investments with an original maturity of three months or less and include money market fund accounts.

C. *Calculation of Net Asset Value* — The Fund determines its net asset value on a daily basis and reports its net asset value on its website. Net asset value is computed by dividing the value of the Fund's assets (including accrued interest and distributions), less all of its liabilities (including accrued expenses, distributions payable and any indebtedness) and the liquidation value of any outstanding preferred stock, by the total number of common shares outstanding.

D. *Investment Valuation* — Readily marketable portfolio securities listed on any exchange (including a foreign exchange) other than the NASDAQ Stock Market, Inc. ("NASDAQ") are valued, except as indicated below, at the last sale price on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the most recent bid and ask prices on such day. Securities admitted to trade on the NASDAQ are valued at the NASDAQ official closing price. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities. The value of foreign securities traded outside of the Americas may be adjusted to reflect events occurring after a foreign exchange closes that may affect the value of the foreign security. In such cases, these foreign securities are valued by an independent pricing service and are categorized as a Level 2 security for purposes of the fair value hierarchy. See Note 3 — Fair Value.

Equity securities traded in the over-the-counter market, but excluding securities admitted to trading on the NASDAQ, are valued at the closing bid prices. Debt securities that are considered bonds are valued by using the bid price provided by an independent pricing service or, if such prices are not available or in the judgment of KA Fund Advisors, LLC ("KAFA") such prices are stale or do not

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represent fair value, by an independent broker. For debt securities that are considered bank loans, the fair market value is determined by using the bid price provided by the agent or syndicate bank or principal market maker. When price quotes for securities are not available, or such prices are stale or do not represent fair value in the judgment of KAFA, fair market value will be determined using the Fund's valuation process for securities that are privately issued or otherwise restricted as to resale.

Exchange-traded options and futures contracts are valued at the last sales price at the close of trading in the market where such contracts are principally traded or, if there was no sale on the applicable exchange on such day, at the mean between the quoted bid and ask price as of the close of such exchange.

The Fund may hold securities that are privately issued or otherwise restricted as to resale. For these securities, as well as any security for which (a) reliable market quotations are not available in the judgment of KAFA, or (b) the independent pricing service or independent broker does not provide prices or provides a price that in the judgment of KAFA is stale or does not represent fair value, each shall be valued in a manner that most fairly reflects fair value of the security on the valuation date. Unless otherwise determined by the Board of Directors, the following valuation process is used for such securities:

- **Investment Team Valuation.** The applicable investments are valued by senior professionals of KAFA who are responsible for the portfolio investments. The investments will be valued monthly, with new investments valued at the time such investment was made.
- **Investment Team Valuation Documentation.** Preliminary valuation conclusions will be determined by senior management of KAFA. Such valuations and supporting documentation are submitted to the Valuation Committee (a committee of the Fund's Board of Directors) and the Board of Directors on a quarterly basis.
- **Valuation Committee.** The Valuation Committee meets to consider the valuations submitted by KAFA at the end of each quarter. Between meetings of the Valuation Committee, a senior officer of KAFA is authorized to make valuation determinations. All valuation determinations of the Valuation Committee are subject to ratification by the Board of Directors at its next regular meeting.
- **Valuation Firm.** Quarterly, a third-party valuation firm engaged by the Board of Directors reviews the valuation methodologies and calculations employed for these securities, unless the aggregate fair value of such security is less than 0.1% of total assets.
- **Board of Directors Determination.** The Board of Directors meets quarterly to consider the valuations provided by KAFA and the Valuation Committee and ratify valuations for the applicable securities. The Board of Directors considers the report provided by the third-party valuation firm in reviewing and determining in good faith the fair value of the applicable portfolio securities.

As of February 28, 2021, the Fund held 4.8% of its net assets applicable to common stockholders (3.6% of total assets) in securities that were fair valued pursuant to the procedures adopted by the Board of Directors (Level 3 securities). The aggregate fair value of these securities at February 28, 2021 was \$17,287. See Note 3 — Fair Value and Note 7 — Restricted Securities.

E. *Derivative Financial Instruments* — The Fund may utilize derivative financial instruments in its operations.

Interest rate swap contracts. The Fund may use hedging techniques such as interest rate swaps to mitigate potential interest rate risk on a portion of the Fund's leverage. Such interest rate swaps would principally be used to protect the Fund against higher costs on its leverage resulting from

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increases in interest rates. The Fund does not hedge any interest rate risk associated with portfolio holdings. Interest rate transactions the Fund may use for hedging purposes may expose it to certain risks that differ from the risks associated with its portfolio holdings. A decline in interest rates may result in a decline in the value of the swap contracts, which, everything else being held constant, would result in a decline in the net assets of the Fund. In addition, if the counterparty to an interest rate swap defaults, the Fund would not be able to use the anticipated net receipts under the interest rate swap to offset its cost of financial leverage.

Interest rate swap contracts are recorded at fair value with changes in value during the reporting period, and amounts accrued under the agreements, included as unrealized gains or losses in the Statement of Operations. Monthly cash settlements under the terms of the interest rate swap agreements or termination payments are recorded as realized gains or losses in the Statement of Operations. The Fund generally values its interest rate swap contracts based on dealer quotations, if available, or by discounting the future cash flows from the stated terms of the interest rate swap agreement by using interest rates currently available in the market. See Note 8 — Derivative Financial Instruments.

Option contracts. The Fund is also exposed to financial market risks including changes in the valuations of its investment portfolio. The Fund may purchase or write (sell) call options. A call option on a security is a contract that gives the holder of the option, in return for a premium, the right to buy from the writer of the option the security underlying the option at a specified exercise price at any time during the term of the option.

The Fund would realize a gain on a purchased call option if, during the option period, the value of such securities exceeded the sum of the exercise price, the premium paid and transaction costs; otherwise the Fund would realize either no gain or a loss on the purchased call option. The Fund may also purchase put option contracts. If a purchased put option is exercised, the premium paid increases the cost basis of the securities sold by the Fund.

The Fund may also write (sell) call options with the purpose of generating realized gains or reducing its ownership of certain securities. If the Fund writes a call option on a security, the Fund has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price. The Fund will only write call options on securities that the Fund holds in its portfolio (*i.e.*, covered calls).

When the Fund writes a call option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains from investments. If the Fund repurchases a written call option prior to its exercise, the difference between the premium received and the amount paid to repurchase the option is treated as a realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Fund has realized a gain or loss. The Fund, as the writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. See Note 8 — Derivative Financial Instruments.

F. Security Transactions — Security transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses are calculated using the specific identification cost basis method for GAAP purposes. For tax purposes, the Fund utilizes the average cost method to compute the adjusted tax cost basis of its PTP securities.

G. Return of Capital Estimates — Dividends and distributions received from the Fund's investments generally are comprised of income and return of capital. At the time such dividends and distributions are received, the Fund estimates the amount of such payments that is considered investment income and the amount that is considered a return of capital. The Fund estimates the

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return of capital portion of dividends and distributions received from its investments based on historical information available and on other information provided by certain investments. Return of capital estimates are adjusted to actual in the subsequent fiscal year when final tax reporting information related to the Fund's investments is received.

The return of capital portion of the distributions is a reduction to investment income that results in an equivalent reduction in the cost basis of the associated investments and increases net realized gains (losses) and net change in unrealized gains (losses). If the distributions received by the Fund exceed its cost basis (*i.e.* its cost basis has been reduced to zero), the distributions are treated as realized gains.

The Fund includes all distributions received on its Statement of Operations and reduces its investment income by (i) the estimated return of capital and (ii) the distributions in excess of cost basis, if any. Distributions received that were in excess of cost basis were treated as realized gains.

In accordance with GAAP, the return of capital cost basis reductions for the Fund's investments are limited to the total amount of the cash distributions received from such investments.

The following table sets forth the Fund's estimated return of capital portion of the dividends and distributions received from its investments.

	For the Three Months Ended February 28, 2021
Dividends and distributions (before foreign taxes withheld of \$215 and excluding distributions in excess of cost basis)	\$5,912
Dividends and distributions — % return of capital	54%
Return of capital — attributable to net realized gains (losses)	\$ 129
Return of capital — attributable to net change in unrealized gains (losses)	3,092
Total return of capital	<u>\$3,221</u>

H. *Investment Income* — The Fund records dividends and distributions on the ex-dividend date. Interest income is recognized on the accrual basis, including amortization of premiums and accretion of discounts. When investing in securities with paid-in-kind interest, the Fund will accrue interest income during the life of the security even though it will not be receiving cash as the interest is accrued. To the extent that interest income to be received is not expected to be realized, a reserve against income is established.

Many of the debt securities that the Fund holds were purchased at a discount or premium to the par value of the security. The non-cash accretion of a discount to par value increases interest income while the non-cash amortization of a premium to par value decreases interest income. The accretion of a discount and amortization of a premium are based on the effective interest method. The amount of these non-cash adjustments can be found in the Fund's Statement of Cash Flows. The non-cash accretion of a discount increases the cost basis of the debt security, which results in an offsetting unrealized loss. The non-cash amortization of a premium decreases the cost basis of the debt security, which results in an offsetting unrealized gain. To the extent that par value is not expected to be realized, the Fund discontinues accruing the non-cash accretion of the discount to par value of the debt security.

The Fund may receive paid-in-kind and non-cash dividends and distributions in the form of additional units or shares from its investments. For paid-in-kind dividends, the additional units are not reflected in

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investment income during the period received, but are recorded as unrealized gains upon receipt. Non-cash distributions are reflected in investment income because the Fund has the option to receive its distribution in cash or in additional shares or units of the security. During the three months ended February 28, 2021, the Fund did not receive any paid-in-kind dividends or non-cash distributions.

I. *Distributions to Stockholders* — Distributions to common stockholders are recorded on the ex-dividend date. Distributions to holders of MRP Shares are accrued on a daily basis. As required by the Distinguishing Liabilities from Equity topic of the FASB Accounting Standards Codification (ASC 480), the Fund includes the accrued distributions on its MRP Shares as an operating expense due to the fixed term of this obligation. For tax purposes the payments made to the holders of the Fund's MRP Shares are treated as dividends or distributions.

The characterization of the distributions paid to holders of MRP Shares and common stock as either dividend income (eligible to be treated as qualified dividend income) or distributions (long-term capital gains or return of capital) is determined after the end of the fiscal year based on the Fund's actual earnings and profits and may differ from preliminary estimates.

J. *Partnership Accounting Policy* — The Fund records its pro-rata share of the income (loss) to the extent of distributions it has received, allocated from the underlying partnerships and adjusts the cost basis of the underlying partnerships accordingly. These amounts are included in the Fund's Statement of Operations.

K. *Taxes* — It is the Fund's intention to continue to be treated as and to qualify each year for special tax treatment afforded a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). As long as the Fund meets certain requirements that govern its sources of income, diversification of assets and timely distribution of earnings to stockholders, the Fund will not be subject to U.S. federal income tax.

The Fund must pay distributions equal to 90% of its investment company taxable income (ordinary income and short-term capital gains) to qualify as a RIC and it must distribute all of its taxable income (ordinary income, short-term capital gains and long-term capital gains) to avoid federal income taxes. The Fund will be subject to federal income tax on any undistributed portion of income. For purposes of the distribution test, the Fund may elect to treat as paid on the last day of its taxable year all or part of any distributions that are declared after the end of its taxable year if such distributions are declared before the due date of its tax return, including any extensions (August 15th). See Note 6 — Taxes.

All RICs are subject to a non-deductible 4% excise tax on income that is not distributed on a timely basis in accordance with the calendar year distribution requirements. To avoid the tax, the Fund must distribute during each calendar year an amount at least equal to the sum of (i) 98% of its ordinary income for the calendar year, (ii) 98.2% of its net capital gains for the one-year period ending on November 30, the last day of our taxable year, and (iii) undistributed amounts from previous years on which the Fund paid no U.S. federal income tax. A distribution will be treated as paid during the calendar year if it is paid during the calendar year or declared by the Fund in October, November or December, payable to stockholders of record on a date during such months and paid by the Fund during January of the following year. Any such distributions paid during January of the following year will be deemed to be received by stockholders on December 31 of the year the distributions are declared, rather than when the distributions are actually received.

The Fund will be liable for the excise tax on the amount by which it does not meet the distribution requirement and will accrue an excise tax liability at the time that the liability is estimable and probable.

The Fund may be subject to withholding taxes on foreign-sourced income and accrues such taxes when the related income is earned.

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The Accounting for Uncertainty in Income Taxes Topic of the FASB Accounting Standards Codification (ASC 740) defines the threshold for recognizing the benefits of tax-return positions in the financial statements as “more-likely-than-not” to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50% likely to be realized.

The Fund utilizes the average cost method to compute the adjusted tax cost basis of its PTP securities.

The Fund’s policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. Tax years subsequent to fiscal year 2016 remain open and subject to examination by federal and state tax authorities.

L. Foreign Currency Translations — The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars on the following basis: (i) market value of investment securities, assets and liabilities at the rate of exchange as of the valuation date; and (ii) purchases and sales of investment securities, income and expenses at the relevant rates of exchange prevailing on the respective dates of such transactions.

The Fund does not isolate that portion of gains and losses on investments in equity and debt securities which is due to changes in the foreign exchange rates from that which is due to changes in market prices of equity and debt securities. Accordingly, realized and unrealized foreign currency gains and losses with respect to such securities are included in the reported net realized and unrealized gains and losses on investment transactions balances.

Net realized foreign exchange gains or losses represent gains and losses from transactions in foreign currencies and foreign currency contracts, foreign exchange gains or losses realized between the trade date and settlement date on security transactions, and the difference between the amounts of interest and dividends recorded on the Fund’s books and the U.S. dollar equivalent of such amounts on the payment date.

Net unrealized foreign exchange gains or losses represent the difference between the cost of assets and liabilities (other than investments) recorded on the Fund’s books from the value of the assets and liabilities (other than investments) on the valuation date.

M. Indemnifications — Under the Fund’s organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund enters into contracts that provide general indemnification to other parties. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred, and may not occur. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

N. Offering and Debt Issuance Costs — Offering costs incurred by the Fund related to the issuance of its common stock reduce additional paid-in-capital when the stock is issued. Costs incurred by the Fund related to the issuance of its debt (revolving credit facility, term loan or notes) or its preferred stock are capitalized and amortized over the period the debt or preferred stock is outstanding.

For the purpose of calculating the Fund’s asset coverage ratios pursuant to the 1940 Act, deferred issuance costs are not deducted from the carrying value of Notes and MRP Shares.

O. LIBOR Transition — The U.K. Financial Conduct Authority (“FCA”) has announced that certain London Interbank Offered Rate (“LIBOR”) tenors in certain currencies will cease to be provided at the

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end of 2021 with all remaining tenors ceasing in June 2023. Alternatives to LIBOR have been established, or are in development, in most major currencies including the Secured Overnight Financing Rate (“SOFR”) that is intended to replace U.S. dollar LIBOR. Markets are slowly developing in response to these new reference rates. Uncertainty exists related to the liquidity impact of the change in rates, and how to appropriately adjust these rates at the time of transition. At this time, it is not possible to predict the full impact of the elimination of LIBOR and the establishment of an alternative reference rate on the Fund or its investments.

3. Fair Value

The Fair Value Measurement Topic of the FASB Accounting Standards Codification (ASC 820) defines fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants under current market conditions at the measurement date. As required by ASC 820, the Fund has performed an analysis of all assets and liabilities measured at fair value to determine the significance and character of all inputs to their fair value determination. Inputs are the assumptions, along with considerations of risk, that a market participant would use to value an asset or a liability. In general, observable inputs are based on market data that is readily available, regularly distributed and verifiable that the Fund obtains from independent, third-party sources. Unobservable inputs are developed by the Fund based on its own assumptions of how market participants would value an asset or a liability.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad categories.

- *Level 1* — Valuations based on quoted unadjusted prices for identical instruments in active markets traded on a national exchange to which the Fund has access at the date of measurement.
- *Level 2* — Valuations based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- *Level 3* — Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund’s own assumptions that market participants would use to price the asset or liability based on the best available information.

The following table presents the Fund’s assets and liabilities measured at fair value on a recurring basis at February 28, 2021, and the Fund presents these assets and liabilities by security type and description on its Schedule of Investments. Note that the valuation levels below are not necessarily an indication of the risk or liquidity associated with the underlying investment.

	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Prices with Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Assets at Fair Value				
Equity investments	\$470,708	\$406,982	\$46,439	\$17,287
Debt investments	5,411	—	5,411	—
Total assets at fair value	<u>\$476,119</u>	<u>\$406,982</u>	<u>\$51,850</u>	<u>\$17,287</u>
Liabilities at Fair Value				
Call option contracts written	\$ 42	\$ —	\$ 42	\$ —

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As of February 28, 2021, the Fund had Notes outstanding with aggregate principal amount of \$84,515 and 887,516 shares of MRP Shares outstanding with a total liquidation value of \$22,188. The Notes and MRP Shares were issued in private placements to institutional investors and are not listed on any exchange or automated quotation system. See Note 11 — Notes and Note 12 — Preferred Stock. As a result, the Fund categorizes the Notes and MRP Shares as Level 3 securities and determines the fair value of these instruments based on estimated market yields and credit spreads for comparable instruments with similar maturity, terms and structure.

The Fund records the Notes and MRP Shares on its Statement of Assets and Liabilities at principal amount or liquidation value. As of February 28, 2021, the estimated fair values of these leverage instruments are as follows.

<u>Security</u>	<u>Principal Amount/ Liquidation Value</u>	<u>Fair Value</u>
Notes	\$84,515	\$89,800
MRP Shares	\$22,188	\$22,900

The following table presents the Fund's assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended February 28, 2021.

	<u>Equity Investments</u>
Balance — November 30, 2020	\$17,394
Purchases	—
Sales	—
Transfers out to Level 1 and 2	—
Realized gains (losses)	—
Change in unrealized gains (losses), net	(107)
Balance — February 28, 2021	<u>\$17,287</u>
Net change in unrealized gain (loss) of investments still held at February 28, 2021	\$ (107)

The \$107 decrease in unrealized losses (net) relates to investments that were held during the period. The Fund includes these unrealized gains and losses on the Statement of Operations — Net Change in Unrealized Gains (Losses).

Valuation Techniques and Unobservable Inputs

Unless otherwise determined by the Board of Directors, the Fund values its private investments in public equity ("PIPE") investments that will become publicly-tradeable (e.g., through subsequent registration or expiration of a restriction on trading) based on the market value of the publicly-traded security less a discount. This discount is initially equal to the discount negotiated at the time the Fund agrees to a purchase price. To the extent that such securities become publicly traded within a time frame that may be reasonably determined, this discount will be amortized on a straight line basis over such estimated time frame.

The Fund owns cumulative convertible preferred units of Enterprise Products Partners L.P. ("EPD"). The convertible preferred units will be convertible by the holders into common units at any time after September 29, 2025 at a conversion rate calculated as the Liquidation Preference divided by 92.5% of the 5-day volume weighted average price of EPD's common units at the time of conversion. The convertible preferred units are redeemable at any time by EPD, at Redemption Prices ranging from 100% to 110% of Liquidation Preference based on the date of redemption. The convertible preferred units are senior to the underlying common units in terms of liquidation preference and priority

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of distributions. The Fund's Board of Directors has determined that it is appropriate to value these convertible preferred units using a discounted cash flow analysis. To determine the appropriate discount rate for this analysis, the Fund estimates the credit spread for the convertible preferred units, which is based on (a) the long bond spread, which is based the average spread of EPD's 25+ year maturity bonds to the US treasury rate, (b) the hybrid spread, which is based on the spread of EPD's publicly traded hybrid notes over EPD's bonds with a maturity greater than 25 years, and (c) the subordination spread, which is based on the average spread of preferred securities of similar investment grade issuers in the energy industry over their publicly traded hybrid notes. The discounted cash flow analysis assumes the convertible preferred securities will be redeemed on September 30, 2025, and the Fund's ability to sell the preferred units during such time period is subject to certain restrictions. As such, the Fund applies a 5% illiquidity discount to be amortized over the assumed 5 - year hold period.

The Fund owns convertible preferred units of Equitrans Midstream Corporation ("ETRN"). The convertible preferred units will be convertible on a one-for-one basis into common units at our option and are senior to the underlying common units in terms of liquidation preference and priority of distributions. The Fund's Board of Directors has determined that it is appropriate to value these convertible preferred units using a convertible pricing model. This model takes into account the attributes of the convertible preferred units, including the preferred dividend, conversion ratio and call features, to determine the estimated value of such units. In using this model, the Fund estimates (i) the credit spread for the convertible preferred units, which is based on (a) the credit spread of the partnership's unsecured notes, and (b) the credit spreads of similar publicly traded preferred securities over bonds with similar maturities, and (ii) the expected volatility for the underlying common units, which is based on historical volatility. For this security, if the resulting price for the convertible preferred units is less than the public market price for the underlying common units at such time, the public market price for the common units will be used to value the convertible preferred units.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Fund's investments may fluctuate from period to period. Additionally, the fair value of the Fund's investments may differ from the values that would have been used had a ready market existed for such investments and may differ materially from the values that the Fund may ultimately realize.

The following table summarizes the significant unobservable inputs that the Fund used to value its portfolio investments categorized as Level 3 as of February 28, 2021:

Quantitative Table for Valuation Techniques

Assets Fair Value	Fair Value	Valuation Technique	Unobservable Inputs	Range		
				Low	High	Average
EPD	\$12,971	- Discounted cash flow analysis	- Long Bond Spread	1.7%	1.8%	1.8%
Convertible			- Hybrid Spread	0.8%	1.2%	1.0%
Preferred Units			- Subordination	0.4%	0.6%	0.5%
			- Illiquidity discount	4.6%	4.6%	4.6%
ETRN	\$ 4,316	- Convertible pricing model	- Credit spread	7.9%	8.4%	8.1%
Convertible			- Volatility	40.0%	50.0%	45.0%
Preferred Units						
Total	<u>\$17,287</u>					

4. Risk Considerations

The Fund's investments are concentrated in the energy sector. A downturn in one or more industries within the energy sector, material declines in energy-related commodity prices, adverse

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political, legislative or regulatory developments or environmental, catastrophic or other events could have a larger impact on the Fund than on an investment company that does not concentrate in the energy sector. The performance of companies in the energy sector may lag the performance of other sectors or the broader market as a whole. The Fund also invests in securities of foreign issuers, predominantly those located in Canada and Europe. The value of those investments will fluctuate with market conditions, currency exchange rates and the economic and political climates of the foreign countries in which the Fund invests. Additionally, to the extent that the Fund invests a relatively high percentage of its assets in the securities of a limited number of issuers, the Fund may be more susceptible than a more widely diversified investment company to any single economic, political or regulatory occurrence.

The Fund may hedge against currency risk resulting from investing in securities valued in non-U.S. currencies. Currency hedging transactions in which the Fund may engage include buying or selling options or futures or entering into other foreign currency transactions including forward foreign currency contracts, currency swaps or options on currency and currency futures and other derivatives transactions. The use of hedging transactions may result in losses greater than if they had not been used, may require selling or purchasing portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold on to a security that it might otherwise sell.

At February 28, 2021, the Fund had the following investment concentrations:

<u>Category</u>	<u>Percent of Long-Term Investments</u>
Securities of Energy Companies ⁽¹⁾	99.4%
Equity securities	98.9%
NextGen Companies ⁽¹⁾	64.4%
Debt securities	1.1%
Securities of PTPs	18.1%
Largest single issuer	6.7%
Restricted securities	4.9%

(1) Refer to the "Glossary of Key Terms" for the definition of Energy Companies and NextGen Companies.

The stock market has been subject to significant volatility over the last 15 months, which has increased the risks associated with an investment in the Fund. In particular the financial markets have been impacted by the outbreak of an infectious respiratory illness known as COVID-19. This coronavirus has resulted in international border closings, enhanced health screenings, expanded healthcare services and expenses, quarantines and other restrictions on business and personal activities, cancellations, disruptions to supply chains and consumer activity, as well as general public concern and uncertainty. The impact of this outbreak has negatively affected the worldwide economy, as well as the economies of individual countries, the financial health of individual companies and the market in general in significant and unforeseen ways.

Of particular relevance to an investment in the Fund, volatility in the energy markets, including decreases in demand for (and prices of) energy-related commodities as a result of the impact of COVID-19 on global economic activity, has significantly affected the performance of the energy sector, as well as the performance of the midstream companies in which the Fund invests. In addition, volatility in the energy markets may affect the ability of midstream companies to finance capital expenditures, manage liquidity needs, refinance debt maturities and to maintain distributions to investors due to a lack of access to capital. The future impact of COVID-19 is currently unknown and it may exacerbate

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other risks that apply to the Fund, including political, social and economic risks. Any such impact could adversely affect the Fund's performance and the performance of the securities in which the Fund invests and may lead to losses on your investment in the Fund. Other public health emergencies that may arise in the future could have similar or other unforeseen effects.

5. Agreements and Affiliations

A. Administration Agreement — On August 1, 2018, in connection with its merger with KYE, the Fund entered into an amended administration and accounting agreement with Ultimus Fund Solutions, LLC ("Ultimus"). Pursuant to the agreement, Ultimus will continue to provide certain administrative and accounting services for the Fund. The agreement has an initial term of three years and automatic one-year renewals unless earlier terminated by either party as provided under the terms of the agreement.

B. Investment Management Agreement — The Fund has entered into an investment management agreement with KA Fund Advisors, LLC ("KAFA") under which KAFA, subject to the overall supervision of the Fund's Board of Directors, manages the day-to-day operations of, and provides investment advisory services to, the Fund. The investment management agreement has a term through April 30, 2022 and may be renewed annually thereafter upon approval of the Fund's Board of Directors (including a majority of the Fund's directors who are not "interested persons" of the Fund, as such term is defined in the 1940 Act). For providing these services, KAFA receives an investment management fee from the Fund. For the three months ended February 28, 2021, the Fund paid management fees at an annual rate of 1.25% of the average monthly total assets of the Fund.

For purposes of calculating the management fee, the "average total assets" for each monthly period are determined by averaging the total assets at the last business day of that month with the total assets at the last business day of the prior month. The total assets of the Fund shall be equal to its average monthly gross asset value (which includes assets attributable to the Fund's use of debt and preferred stock), minus the sum of the Fund's accrued and unpaid dividends and distributions on any outstanding common stock and accrued and unpaid dividends and distributions on any outstanding preferred stock and accrued liabilities (other than liabilities associated with borrowing or leverage by the Fund). Liabilities associated with borrowing or leverage include the principal amount of any debt issued by the Fund, the liquidation preference of any outstanding preferred stock, and other liabilities from other forms of borrowing or leverage such as short positions and put or call options held or written by the Fund.

D. Portfolio Companies — From time to time, the Fund may "control" or may be an "affiliate" of one or more of its portfolio companies, as each of these terms is defined in the 1940 Act. In general, under the 1940 Act, the Fund would be presumed to "control" a portfolio company if the Fund and its affiliates owned 25% or more of its outstanding voting securities and would be an "affiliate" of a portfolio company if the Fund and its affiliates owned 5% or more of its outstanding voting securities. The 1940 Act contains prohibitions and restrictions relating to transactions between investment companies and their affiliates (including the Fund's investment adviser), principal underwriters and affiliates of those affiliates or underwriters.

The Fund believes that there are several factors that determine whether or not a security should be considered a "voting security" in complex structures such as limited partnerships of the kind in which the Fund invests. The Fund also notes that the Securities and Exchange Commission (the "SEC") staff has issued guidance on the circumstances under which it would consider a limited partnership interest to constitute a voting security. Under most partnership agreements, the management of the partnership is vested in the general partner, and the limited partners, individually or

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collectively, have no rights to manage or influence management of the partnership through such activities as participating in the selection of the managers or the board of the limited partnership or the general partner. As a result, the Fund believes that many of the limited partnership interests in which it invests should not be considered voting securities. However, it is possible that the SEC staff may consider the limited partner interests the Fund holds in certain limited partnerships to be voting securities. If such a determination were made, the Fund may be regarded as a person affiliated with and controlling the issuer(s) of those securities for purposes of Section 17 of the 1940 Act.

In making such a determination as to whether to treat any class of limited partnership interests the Fund holds as a voting security, the Fund considers, among other factors, whether or not the holders of such limited partnership interests have the right to elect the board of directors of the limited partnership or the general partner. If the holders of such limited partnership interests do not have the right to elect the board of directors, the Fund generally has not treated such security as a voting security. In other circumstances, based on the facts and circumstances of those partnership agreements, including the right to elect the directors of the general partner, the Fund has treated those securities as voting securities. If the Fund does not consider the security to be a voting security, it will not consider such partnership to be an "affiliate" unless the Fund and its affiliates own more than 25% of the outstanding securities of such partnership. Additionally, certain partnership agreements give common unitholders the right to elect the partnership's board of directors, but limit the amount of voting securities any limited partner can hold to no more than 4.9% of the partnership's outstanding voting securities (*i.e.*, any amounts held in excess of such limit by a limited partner do not have voting rights). In such instances, the Fund does not consider itself to be an affiliate if it owns more than 5% of such partnership's common units.

There is no assurance that the SEC staff will not consider that other limited partnership securities that the Fund owns and does not treat as voting securities are, in fact, voting securities for the purposes of Section 17 of the 1940 Act. If such determination were made, the Fund will be required to abide by the restrictions on "control" or "affiliate" transactions as proscribed in the 1940 Act. The Fund or any portfolio company that it controls, and its affiliates, may from time to time engage in certain of such joint transactions, purchases, sales and loans in reliance upon and in compliance with the conditions of certain exemptive rules promulgated by the SEC. The Fund cannot make assurances, however, that it would be able to satisfy the conditions of these rules with respect to any particular eligible transaction, or even if the Fund were allowed to engage in such a transaction, that the terms would be more or as favorable to the Fund or any company that it controls as those that could be obtained in an arm's length transaction. As a result of these prohibitions, restrictions may be imposed on the size of positions that may be taken for the Fund or on the type of investments that it could make.

Plains AAP, L.P., and Plains GP Holdings, L.P. — Kevin S. McCarthy is a Vice-Chairman of Kayne Anderson Capital Advisors, L.P. ("KACALP"), the managing member of KAFA. Mr. McCarthy also serves as a director of PAA GP Holdings LLC, which is the general partner of Plains GP Holdings, L.P. ("PAGP"). Members of senior management of KACALP and KAFA and various affiliated funds managed by KACALP own PAGP shares, Plains All American Pipeline, L.P. ("PAA") units and interests in Plains AAP, L.P. ("PAGP-AAP"). The Fund believes that it is an affiliate of PAA, PAGP and PAGP-AAP under the 1940 Act by virtue of (i) the Fund's and other affiliated Kayne Anderson funds' ownership interest in PAGP and PAGP-AAP and (ii) Mr. McCarthy's participation on the board of PAA GP Holdings LLC.

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The following table summarizes the Fund's investments in affiliates as of and for the three months ended February 28, 2021:

<u>Investment⁽¹⁾</u>	<u>No. of Shares/ Units⁽²⁾ (in 000's)</u>	<u>Value</u>	<u>Dividends/ Distributions Received</u>	<u>Net Realized Gains (Losses)</u>	<u>Net Change in Unrealized Gains (Losses)</u>
Plains GP Holdings, L.P.	695	\$ 5,988	\$125	\$—	\$ 604
Plains GP Holdings, L.P. — Plains AAP, L.P.	690	5,944	124	—	582
Total		<u>\$11,932</u>	<u>\$249</u>	<u>\$—</u>	<u>\$1,186</u>

(1) See Schedule of Investments for investment classifications.

(2) During the three months ended February 28, 2021, there were no purchases or sales of PAGP or PAGP-AAP.

6. Taxes

It is the Fund's intention to continue to be treated as and to qualify as a RIC under Subchapter M of the Code and distribute all of its taxable income. Accordingly, no provision for federal income taxes is required in the financial statements. See Note 2 — Significant Accounting Policies.

Income and capital gain distributions made by RICs often differ from GAAP basis net investment income (loss) and net realized gains (losses). For the Fund, the principal reason for these differences is the return of capital treatment of dividends and distributions from PTPs and certain other of its investments. Net investment income and net realized gains for GAAP purposes may differ from taxable income for federal income tax purposes.

As of February 28, 2021, the principal temporary differences between income for GAAP purposes and taxable income were (a) realized losses that were recognized for GAAP purposes, but disallowed for tax purposes due to wash sale rules; (b) disallowed partnership losses related to the Fund's PTP investments; and (c) other basis adjustments in the Fund's PTPs and other investments.

Under the Regulated Investment Company Modernization Act of 2010, any net capital losses recognized after December 31, 2010 may be carried forward indefinitely, and their character is retained as short-term and/or long-term losses.

On August 6, 2018, KMF completed its merger with Kayne Anderson Energy Total Return Fund, Inc. ("KYE"). The merger qualified as a tax-free reorganization under Section 368(a) of the Internal Revenue Code. At the time of the merger, \$130,791 of capital loss carryforwards were subject to limitations under Section 382 of the Internal Revenue Code ("Section 382"). Regulations under Section 382 limit the amount of capital gains that can be offset by the Fund's capital loss carryforward to \$8,533, annually, until all of the Fund's loss carryforwards are fully utilized. As of November 30, 2020, the Fund had approximately \$72,500 of capital loss carryforwards subject to limitations under Section 382.

For the fiscal year ended November 30, 2020, the tax character of the total \$22,655 distributions paid to common stockholders was \$22,129 of dividend income and \$526 of return of capital. The tax character of the total \$2,956 distributions paid to holders of MRP shares was dividend income.

For purposes of determining the tax character of the dividends/distributions to investors, the amounts in excess of the Fund's earnings and profits for federal income tax purposes are treated as a return of capital. Earnings and profits differ from taxable income due principally to adjustments related to the Fund's investments in PTPs.

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At February 28, 2021, the cost basis of investments for federal income tax purposes was \$499,860, and the premiums received on outstanding option contracts written were \$71. At February 28, 2021, gross unrealized appreciation and depreciation of investments and options, if any, for federal income tax purposes were as follows:

Gross unrealized appreciation of investments (including options, if any)	\$ 65,429
Gross unrealized depreciation of investments (including options, if any)	(87,442)
Net unrealized depreciation of investments before foreign currency related translations	(22,013)
Unrealized depreciation on foreign currency related translations	(5)
Net unrealized depreciation of investments	<u><u>\$(22,018)</u></u>

7. Restricted Securities

From time to time, the Fund's ability to sell certain of its investments is subject to certain legal or contractual restrictions. For instance, private investments that are not registered under the Securities Act of 1933, as amended (the "Securities Act"), cannot be offered for public sale in a non-exempt transaction without first being registered. In other cases, certain of the Fund's investments have restrictions such as lock-up agreements that preclude the Fund from offering these securities for public sale.

At February 28, 2021, the Fund held the following restricted investments:

Investment	Acquisition Date	Type of Restriction	Number of Units, Principal (\$) (in 000s)	Cost Basis (GAAP)	Fair Value	Fair Value Per Unit	Percent of Net Assets	Percent of Total Assets
Level 2 Investments								
Equity Investments								
Plains GP Holdings, L.P. — Plains AAP, L.P. ⁽¹⁾	(2)	(3)	690	\$ 1,191	\$ 5,944	\$ 8.62	1.6%	1.2%
Level 3 Investments⁽⁴⁾								
Equity Investments								
Enterprise Products Partners L.P. Convertible Preferred Units	9/30/20	(5)	13	\$12,500	\$12,971	\$1,037.67	3.6%	2.7%
Equitrans Midstream Corporation Convertible Preferred Units	4/10/19	(5)	238	4,890	4,316	18.17	1.2	0.9
Total				<u>\$17,390</u>	<u>\$17,287</u>		<u>4.8%</u>	<u>3.6%</u>
Total of all restricted investments				<u>\$18,581</u>	<u>\$23,231</u>		<u>6.4%</u>	<u>4.8%</u>

- (1) The Fund values its investment in Plains AAP, L.P. ("PAGP-AAP") on an "as exchanged" basis based on the higher public market value of either Plains GP Holdings, L.P. ("PAGP") or Plains All American Pipeline, L.P. ("PAA"). As of February 28, 2021, the Fund's PAGP-AAP investment is valued at PAGP's closing price. See Note 3 — Fair Value.
- (2) Security was acquired at various dates in current and/or prior fiscal years.
- (3) The Fund's investment in PAGP-AAP is exchangeable on a one-for-one basis into either PAGP shares or PAA units at the Fund's option. Upon exchange, the PAGP shares or PAA units will be freely tradable.
- (4) Securities are valued using inputs reflecting the Fund's own assumptions as more fully described in Note 2 — Significant Accounting Policies and Note 3 — Fair Value.
- (5) Unregistered or restricted security of a publicly-traded company.

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8. Derivative Financial Instruments

As required by the Derivatives and Hedging Topic of the FASB Accounting Standards Codification (ASC 815), the following are the derivative instruments and hedging activities of the Fund. See Note 2 — Significant Accounting Policies.

Option Contracts — Based on the notional amount, the Fund has written a monthly average of \$1,063 of call options during the three months ended February 28, 2021.

Interest Rate Swap Contracts — As of February 28, 2021, the Fund did not have any interest rate swap contracts outstanding.

The following table sets forth the fair value of the Fund's derivative instruments on the Statement of Assets and Liabilities:

Derivatives Not Accounted for as Hedging Instruments	Statement of Assets and Liabilities Location	Fair Value as of February 28, 2021
Call options written	Call option contracts written	\$(42)

The following table sets forth the effect of the Fund's derivative instruments on the Statement of Operations:

Derivatives Not Accounted for as Hedging Instruments	Location of Gains/(Losses) on Derivatives Recognized in Income	For the Three Months Ended February 28, 2021	
		Net Realized Gains/(Losses) on Derivatives Recognized in Income	Change in Unrealized Gains/(Losses) on Derivatives Recognized in Income
Call options written	Options	\$—	\$29

9. Investment Transactions

For the three months ended February 28, 2021, the Fund purchased and sold securities in the amounts of \$47,194 and \$50,155 (excluding short-term investments).

10. Credit Facility

As of February 28, 2021, the Fund had a \$50,000 unsecured revolving credit facility (the "Credit Facility") that matures on February 25, 2022. The interest rate on outstanding borrowings under the Credit Facility may vary between LIBOR plus 1.30% and LIBOR plus 2.15%, depending on the Fund's asset coverage ratios. The Fund pays a fee of 0.20% per annum on any unused amounts of the Credit Facility.

For the three months ended February 28, 2021, the average amount outstanding under the Credit Facility was \$15,956 with a weighted average rate of 1.48%. As of February 28, 2021, the Fund had \$13,000 outstanding under the Credit Facility at an interest rate of 1.43%.

As of February 28, 2021, the Fund was in compliance with all financial and operational covenants required by the Credit Facility. See Financial Highlights for the Fund's asset coverage ratios under the 1940 Act.

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11. Notes

At February 28, 2021, the Fund had \$84,515 aggregate principal amount of Notes outstanding. The table below sets forth a summary of the key terms of each series of Notes outstanding at February 28, 2021.

<u>Series</u>	<u>Principal Outstanding February 28, 2021</u>	<u>Unamortized Issuance Costs</u>	<u>Estimated Fair Value February 28, 2021</u>	<u>Fixed Interest Rate</u>	<u>Maturity</u>
C	\$ 4,424	\$ 10	\$ 4,700	4.00%	3/22/22
D	40,000	142	42,300	3.34%	5/1/23
H	21,856	78	23,100	3.72%	8/8/23
I	18,235	86	19,700	3.82%	8/8/25
	<u>\$84,515</u>	<u>\$316</u>	<u>\$89,800</u>		

Holders of the Series C and D Notes are entitled to receive cash interest payments semi-annually (on March 3 and September 3) at the fixed rate. Holders of the Series H and I Notes are entitled to receive cash interest payments semi-annually (on February 13 and August 13) at the fixed rate. As of February 28, 2021, the weighted average interest rate on the outstanding Notes was 3.58%.

As of February 28, 2021, each series of Notes was rated "AAA" by KBRA. In the event the credit rating on any series of Notes falls below "A-", the interest rate on such series will increase by 1% during the period of time such series is rated below "A-". The Fund is required to maintain a current rating from one rating agency with respect to each series of Notes and is prohibited from having any rating of less than investment grade ("BBB-") with respect to each series of Notes.

The Notes were issued in private placement offerings to institutional investors and are not listed on any exchange or automated quotation system. The Notes contain various covenants related to other indebtedness, liens and limits on the Fund's overall leverage. Under the 1940 Act and the terms of the Notes, the Fund may not declare dividends or make other distributions on shares of its common stock or make purchases of such shares if, at any time of the declaration, distribution or purchase, asset coverage with respect to senior securities representing indebtedness (including the Notes) would be less than 300%.

The Notes are redeemable in certain circumstances at the option of the Fund. The Notes are also subject to a mandatory redemption to the extent needed to satisfy certain requirements if the Fund fails to meet an asset coverage ratio required by law and is not able to cure the coverage deficiency by the applicable deadline.

The Notes are unsecured obligations of the Fund and, upon liquidation, dissolution or winding up of the Fund, will rank: (1) senior to all of the Fund's outstanding preferred shares; (2) senior to all of the Fund's outstanding common shares; (3) on a parity with any unsecured creditors of the Fund and any unsecured senior securities representing indebtedness of the Fund; and (4) junior to any secured creditors of the Fund.

At February 28, 2021, the Fund was in compliance with all covenants under the Notes agreements.

12. Preferred Stock

At February 28, 2021, the Fund had 887,516 shares of MRP Shares outstanding, with a total liquidation value of \$22,188 (\$25.00 per share). During the three months ended February 28, 2021, the

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Fund redeemed \$5,354 of MRP Shares. The table below sets forth a summary of the redemptions and the key terms of each series of MRP Shares outstanding at February 28, 2021.

Series	Liquidation Value November 30, 2020	Liquidation Value Redeemed	Liquidation Value February 28, 2021	Unamortized Issuance Costs	Estimated Fair Value February 28, 2021	Rate	Mandatory Redemption Date
F	\$ 5,354	\$(5,354)	\$ —	\$ —	\$ —	4.06%	7/30/21
G	12,697	—	12,697	64	12,800	3.36%	9/7/21
H	9,491	—	9,491	137	10,100	4.07%	12/1/24
	<u>\$27,542</u>	<u>\$(5,354)</u>	<u>\$22,188</u>	<u>\$201</u>	<u>\$22,900</u>		

Holder of the MRP Shares are entitled to receive cumulative cash dividend payments on the first business day following each quarterly period (February 28, May 31, August 31 and November 30).

As of February 28, 2021, the Fund's series F, G and H MRP Shares were rated "A+" by KBRA.

The dividend rate on the Fund's MRP Shares can increase further if the credit rating is downgraded below "A" (as determined by the lowest credit rating assigned). Further, the annual dividend rate for all series of MRP Shares will increase by 4.0% if no ratings are maintained, and the annual dividend rate will increase by 5.0% if the Fund fails to make a dividend or certain other payments.

The MRP Shares rank senior to all of the Fund's outstanding common shares and on parity with any other preferred stock. The MRP Shares are redeemable in certain circumstances at the option of the Fund and are also subject to a mandatory redemption if the Fund fails to meet a total leverage (debt and preferred stock) asset coverage ratio of 225%.

Under the terms of the MRP Shares, the Fund may not declare dividends or make other distributions on shares of its common stock or make purchases of such shares if, at any time of the declaration, distribution or purchase, asset coverage with respect to total leverage would be less than 225%.

The holders of the MRP Shares have one vote per share and will vote together with the holders of common stock as a single class except on matters affecting only the holders of MRP Shares or the holders of common stock. The holders of the MRP Shares, voting separately as a single class, have the right to elect at least two directors of the Fund.

At February 28, 2021, the Fund was in compliance with the asset coverage requirements of its MRP Shares.

13. Common Stock

At February 28, 2021, the Fund had 199,112,484 shares of common stock authorized and 47,197,462 shares outstanding. As of February 28, 2021, KAFA owned 4,000 shares of the Fund. During the three months ended February 28, 2021, there were no common stock transactions.

14. Subsequent Events

On March 9, 2020, the Fund declared a quarterly distribution of \$0.09 per common share for the first quarter. The total distribution of \$4,248 was paid March 31, 2021. Of this total, pursuant to the Fund's dividend reinvestment plan, \$196 was reinvested into the Fund through open market purchases of common stock.

On April 27, 2021, the Fund reached a conditional agreement with institutional investors for the private placement of \$20,000 of MRP Shares. This private placement is scheduled to close on or about May 11, 2021.

The Fund has performed an evaluation of subsequent events through the date the financial statements were issued and has determined that no additional items require recognition or disclosure.

KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
GLOSSARY OF KEY TERMS
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This glossary contains definitions of certain key terms, as they are used in our investment policies and as described in this report. These definitions may not correspond to standard sector definitions.

“Energy Assets” means Energy Infrastructure Assets and other assets that are used in the energy sector, including assets used in exploring, developing, producing, generating, transporting, transmitting, storing, gathering, processing, fractionating, refining, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, refined products, coal, electricity or water.

“Energy Companies” means companies that own and/or operate Energy Assets or provide energy-related services. For purposes of this definition, this includes companies that (i) derive at least 50% of their revenues or operating income from operating Energy Assets or providing services for the operation of such assets or (ii) have Energy Assets that represent the majority of their assets.

“Energy Infrastructure Assets” means (a) Midstream Assets, (b) Renewable Infrastructure Assets and (c) Utility Assets.

“Energy Infrastructure Companies” consists of (a) Midstream Companies, (b) Renewable Infrastructure Companies and (c) Utility Companies.

“Energy Transition” is used to describe the energy sector’s transition to a more sustainable mix of lower carbon and renewable energy sources that results in reduced emissions of carbon dioxide and other greenhouse gases over the next 20 to 30 years.

“Green Utilities” means Utility Companies that are meaningfully participating in, or benefitting from, the Energy Transition based on our Advisor’s assessment of each company’s business.

“Infrastructure Assets” consists of (i) Energy Infrastructure Assets, (ii) assets used to provide communications services, including cable television, satellite, microwave, radio, telephone and other communications media or (iii) assets used to provide transportation services, including toll roads, airports, railroads or marine ports or (iv) assets used to provide water services, including water treatment, storage and transportation.

“Infrastructure Companies” consists of (a) Energy Infrastructure Companies and (b) other companies that own and operate Infrastructure Assets. For the purposes of this definition, this includes companies that (i) derive at least 50% of their revenues or operating income from operating Infrastructure Assets or providing services for the operation of such assets or (ii) have Infrastructure Assets that represent the majority of their assets.

“Qualified Publicly Traded Partnerships” or “PTPs” means limited partnerships and limited liability companies that are publicly traded and are treated as partnerships for federal income tax purposes.

“Midstream Assets” means assets used in energy logistics, including, but not limited to, assets used in transporting, storing, gathering, processing, fractionating, distributing, or marketing of natural gas, natural gas liquids, crude oil, refined products or water produced in conjunction with such activities.

“Midstream Companies” means companies that own and operate Midstream Assets. Such companies may be structured as PTPs or taxed as corporations. For purposes of this definition, this includes companies that (i) derive at least 50% of their revenue or operating income from operating Midstream Assets or providing services for the operation of such assets or (ii) have Midstream Assets that represent the majority of their assets.

“NextGen Companies” are Energy Companies and Infrastructure Companies that are meaningfully participating in, or benefitting from, the Energy Transition based on our Advisor’s assessment of each company’s business.

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GLOSSARY OF KEY TERMS
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“Other Energy Companies” means Energy Companies, excluding Energy Infrastructure Companies.

“Renewable Infrastructure Assets” means assets used in the generation, production, distribution, transportation, transmission, storage and marketing of energy including, but not limited to, electricity or steam from renewable sources such as solar, wind, flowing water (hydroelectric power), geothermal, biomass and hydrogen.

“Renewable Infrastructure Companies” means companies that own and/or operate Renewable Infrastructure Assets. Such companies may be structured as PTPs or taxed as corporations. For purposes of this definition, this includes companies that (i) derive at least 50% of their revenues or operating income from operating Renewable Infrastructure Assets or providing services for the operation of such assets or (ii) have Renewable Infrastructure Assets that represent the majority of their assets.

“Utility Assets” means assets, other than Renewable Infrastructure Assets, that are used in the generation, production, distribution, transportation, transmission, storage and marketing of energy, including, but not limited to, electricity, natural gas and steam.

“Utility Companies” means companies that own and/or operate Utility Assets. For purposes of this definition, this includes companies that (i) derive at least 50% of their revenues or operating income from operating Utility Assets or providing services for the operation of such assets or (ii) have Utility Assets that represent the majority of their assets.

**KAYNE ANDERSON NEXTGEN ENERGY & INFRASTRUCTURE, INC.
ADDITIONAL INFORMATION
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REPURCHASE DISCLOSURE

Notice is hereby given in accordance with Section 23(c) of the 1940 Act, that the Fund may from time to time purchase shares of its common and preferred stock and its Notes in the open market or in privately negotiated transactions.

Directors and Corporate Officers

James C. Baker	Chairman of the Board of Directors, President and Chief Executive Officer
William H. Shea, Jr.	Lead Independent Director
William R. Cordes	Director
Anne K. Costin	Director
Michael J. Levitt	Director
Barry R. Pearl	Director
Albert L. Richey	Director
Terry A. Hart	Chief Financial Officer, Treasurer and Assistant Secretary
Jarvis V. Hollingsworth	Secretary
Michael J. O'Neil	Chief Compliance Officer
J.C. Frey	Executive Vice President
Ron M. Logan, Jr.	Senior Vice President
Jody C. Meraz	Senior Vice President
A. Colby Parker	Vice President and Assistant Treasurer

Investment Adviser

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Houston, TX 77002

1800 Avenue of the Stars, Third Floor
Los Angeles, CA 90067

Custodian

JPMorgan Chase Bank, N.A.
383 Madison Avenue, Fourth Floor
New York, NY 10179

Administrator

Ultimus Fund Solutions, LLC
225 Pictoria Drive, Suite 450
Cincinnati, OH 45246

Stock Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
(888) 888-0317

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
601 S. Figueroa Street, Suite 900
Los Angeles, CA 90017

Legal Counsel

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101 California Street, Forty-Eighth Floor
San Francisco, CA 94111

Please visit us on the web at www.kaynefunds.com or call us toll-free at 1-877-657-3863.



This report, including the financial statements herein, is made available to stockholders of the Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.