

Kayne Anderson

Midstream/Energy Fund, Inc.

July 27, 2020

KMF Strategic Update: Frequently Asked Questions

WHY IS KMF CHANGING ITS NAME?

KMF is being repositioned as an opportunistic infrastructure fund focused on the energy transition (as described below). As part of this repositioning, the Fund is being renamed “Kayne Anderson NextGen Energy & Infrastructure, Inc.” The majority of KMF’s portfolio will be invested in companies that are meaningfully participating in, or benefitting from, the energy transition, which we believe is a compelling investment opportunity with attractive ESG attributes. KMF’s new name reflects this opportunistic strategy, with a more diverse portfolio of energy and infrastructure assets, including midstream companies (biased toward natural gas infrastructure), utilities, and renewable infrastructure companies.

WHAT CHANGES ARE BEING MADE TO KMF’S INVESTMENT POLICIES?

KMF’s Board of Directors approved changes to certain non-fundamental investment policies (see KMF’s semi-annual report for additional details on these changes) including a requirement to invest at least 80% of the Fund’s total assets in securities of energy companies and infrastructure companies. Further, KMF intends to invest the majority of its assets in securities of “NextGen” companies, which we consider to be energy companies and infrastructure companies that are meaningfully participating in, or benefitting from, the energy transition.

WHEN WILL THESE CHANGES OCCUR?

The changes to KMF’s name and non-fundamental investment policies will become effective upon 60 days’ written notice to stockholders, which is expected to be on or about September 28, 2020. Written notice of these changes will be included in the Fund’s semi-annual report, which is being mailed to stockholders this week. The semi-annual report will also be available at www.kaynefunds.com/kmf once filed with the SEC.

WHAT DOES THIS MEAN FOR MY INVESTMENT IN KMF?

The changes we announced will not impact the number of KMF shares you hold. The Fund will continue to trade under the ticker symbol KMF. Stockholders do not need to take any action.

WHAT IS THE ENERGY TRANSITION?

The “energy transition” is a term used to describe the energy sector’s shift to a more sustainable mix of lower carbon and renewable energy sources. The goal of this transition – which is being pursued on a global basis – is to reduce emissions of carbon dioxide and limit the impact of climate change. Accomplishing this goal will require increased energy efficiency and the implementation of lower carbon and zero-carbon energy sources. Increasingly, energy companies are announcing targets to achieve “net-zero” carbon emissions within the next 20 to 30 years. Kayne Anderson believes the energy transition is one of the most compelling trends within the energy industry and expects the push for more sustainable energy sources to have a profound impact on the energy and infrastructure sectors for many decades to come.

KMF Strategic Update: Frequently Asked Questions

WHAT ARE THE ATTRIBUTES OF RENEWABLE INFRASTRUCTURE COMPANIES?

Renewable infrastructure, which primarily consists of wind and solar power generation assets, is helping facilitate the energy transition. In our opinion, the renewable infrastructure companies we are targeting have compelling investment attributes, including lower volatility and correlation to the broader equity markets, contracted/regulated cash flows, multi-year growth visibility, and attractive ESG characteristics. Management is very excited about the prospects for renewable infrastructure companies in the coming years, and the expected change in the global energy mix provides a powerful macro tailwind for investors in these companies.

WHAT IS YOUR OUTLOOK FOR THE MIDSTREAM SECTOR?

We continue to believe the Fund's midstream holdings will generate attractive returns. That said, it has been a challenging six-year period for the midstream sector. More recently, the COVID-19 pandemic has negatively impacted economic activity and demand for energy-related commodities. It is difficult to predict when economic activity levels will begin to normalize given the continued spread of the virus within the U.S. and other major economies across the globe. Notwithstanding this uncertainty, we believe the impact of the COVID-19 pandemic will ultimately prove to be a transitory event. Energy – and the infrastructure assets that facilitate its movement from the producer to the end user – will continue to be an indispensable part of the global economy. We believe current valuations for the midstream sector are attractive and that the sector's ability to generate attractive levels of free cash flow will ultimately resonate with investors.

For more information on the KMF's strategic update, please see the podcast and presentation titled "Closed-End Fund Strategic Update" available at www.kaynefunds.com/insights.

Kayne Anderson Midstream/Energy Fund, Inc. (NYSE: KMF) is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended, whose common stock is traded on the NYSE. KMF's investment objective is to provide a high level of total return with an emphasis on cash distributions to its stockholders. KMF seeks to achieve its investment objective by investing at least 80% of its total assets in securities of companies in the Midstream/Energy Sector, consisting of: (a) Midstream Master Limited Partnerships ("MLPs"), (b) Midstream Companies, (c) Other MLPs and (d) Other Energy Companies. KMF anticipates that the majority of its investments will consist of investments in Midstream MLPs and Midstream Companies. See Glossary of Key Terms in the Fund's quarterly reports for a description of these investment categories and for the meaning of capitalized terms.

Disclaimer and Risk Considerations

All investments involve risk, including 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 investment objectives, risks, charges and expenses must be considered carefully before investing. Closed-end funds, unlike open-end funds, are not continuously offered. As with any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Shares of closed-end funds frequently trade at a market price that is below their net asset value. Past performance is no guarantee of future results.

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

This communication is for informational purposes only and should not be relied on as investment advice or an indication of trading intention. This material does not constitute an offer to sell or a solicitation to buy, nor shall there be any sale of any securities in any jurisdiction in which such offer or sale is not permitted. Nothing contained herein is intended to recommend any investment policy or investment strategy or take into account the specific objectives or circumstances of any investor. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. For additional information, please contact investor relations at 877.657.3863 or email cef@kaynecapital.com.