Kayne Anderson

Energy Infrastructure Fund, Inc.

KYN Quarterly Commentary & Performance Data: Q3'21

September 30, 2021

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Dear Fellow Stockholders:

The world has been batting the COVID-19 pandemic for almost two years, and, unfortunately, this global health crisis continues to have a meaningful impact on people across the globe. While we are optimistic that the worst of the pandemic is behind us in the United States, we also acknowledge that much work remains before the virus no longer poses a serious health threat. Further, we expect the global economy will be dealing with the knock-on effects of this pandemic well into 2022 – elevated inflation and supply chain disruptions are but two current examples – and we believe there could be periods of heightened volatility as market participants assess the impact of these events. We have positioned KYN's balance sheet accordingly by reducing the Company's leverage levels for the time being.

In this letter, we discuss the energy infrastructure markets, KYN's portfolio positioning, and the Company's year-to-date performance. We also discuss KYN's recently announced agreement to acquire Fiduciary/Claymore Energy Infrastructure Fund ("FMO"). We are pleased with KYN's performance thus far in fiscal 2021 and believe our stockholders have benefitted from KYN's diversified portfolio of energy infrastructure investments. As discussed in more detail later in this letter, we are optimistic about the outlook for energy infrastructure companies over the next few years and believe KYN's portfolio is well-positioned to benefit from this bullish outlook.

Market Conditions

During KYN's fiscal third quarter, the S&P 500 returned 8%[1] and was up 26% during the first nine months of fiscal 2021. Despite many uncertainties – including the pace of the economic recovery due to COVID-19, inflation, trade relations, and both fiscal and monetary policy – the broader equity market continued to express optimism about the longer-term global economic outlook. Bonds also traded higher during the quarter, with the yield on 10-year U.S. Treasury bonds declining to around 1.3% at quarter-end versus 1.6% at the beginning of the quarter (the yield increased to 1.5% during September). We would not be surprised to see higher than normal volatility in both the equity and bond markets over the next few months as politicians in Washington, DC wrestle with tax and fiscal policy and the Fed likely commences its much-anticipated tapering of bond purchases.

Strength in energy commodities continued during KYN's third quarter of fiscal 2021. WTI crude oil prices ended the quarter at $68.43 per barrel (up 3%) and traded over $75 per barrel during the summer. Crude oil inventories continue to decline globally as the recovery in demand outpaces the gradual return of supply by OPEC+. While prices could potentially trade higher in the short term, our longer-term outlook calls for WTI in the $55 to $60 per barrel range – a level that should still promote moderate growth in domestic production. The biggest story in energy commodities during fiscal Q3 was the natural gas market, where the U.S. benchmark price for natural gas increased approximately 50% to roughly $4.35 per million Btu at quarter-end. During September, prices have continued to rise (exceeding $5.00 per million Btu) due to strong global demand and below-normal inventories heading into winter. To the extent they are not hedged, U.S. producers continue to benefit from these high oil and gas prices. In addition, public upstream companies are adhering to their capital discipline policies and are primarily using excess cash flow to pay down debt and/or return cash to shareholders through dividends and stock buybacks. On the other hand, private producers are reinvesting this cash flow and driving a steady increase in drilling activity across several producing basins. We have also seen a meaningful amount of consolidation in the upstream sector, which is a trend we expect to continue. All of these events are positive for the midstream sector as a well-capitalized upstream sector drives steady, moderate volume growth in key basins.

Uncertainties on the political and regulatory fronts have arguably increased over the last three months, and we seem destined for a political "showdown" on multiple issues this fall. However, as we said last quarter, we are optimistic that policies enacted will be positive for the energy infrastructure industry (particularly the renewable infrastructure sector and our investments geared towards the energy transition). There is also a

[1] Performance metrics in this letter represent total returns unless specifically noted otherwise.

growing awareness that traditional midstream companies will be important participants in the energy transition, and many midstream companies are beginning to evaluate investment opportunities that capitalize on this trend.

Returns were mixed for KYN's energy infrastructure sectors – midstream, utilities, and renewable infrastructure – during the third quarter of fiscal 2021.

- After two double-digit return quarters, midstream returns were slightly negative, with the Alerian Midstream Energy Index (AMNA) down 2%, underperforming the S&P 500 by approximately 1,000 basis points.
- Utilities were up for the quarter, with the Utilities Select Sector SPDR ETF (XLU) returning 6% following a 12% return in the second quarter.
- Renewable infrastructure returned 3%[2] for the quarter, similar to second-quarter performance.

For the first three fiscal quarters, the AMNA returned 34%, which is approximately 780 basis points greater than the S&P 500's return over the same time period. Utilities have returned 12% over this period, while renewable infrastructure is up 10%. While the year-to-date returns for the renewable infrastructure and utility sectors are significantly lower than the gains experienced by the midstream sector, the third quarter is a good example of the diversification benefits that utilities and renewables provide to KYN's portfolio of energy infrastructure investments. We expect these two sectors to be relatively uncorrelated with midstream while providing meaningful exposure to the energy transition and electrification themes.

Portfolio and Performance

KYN's sector allocations remain largely unchanged compared to the end of the second quarter, with midstream equities representing approximately 75% of the Company's long-term investments. Our strategy and holdings within midstream also remain relatively unchanged, as does our bias towards owning larger, diversified midstream companies, particularly those with integrated value chains and exposure to natural gas liquids. These larger midstream companies outperformed their smaller-cap peers during the third quarter. This outperformance was a reversal of the trend we saw over the first six months of fiscal 2021 and was consistent with our view that riskier, smaller-cap names were "playing catch-up" and could not sustain their outperformance.

The remaining 25% of KYN's portfolio is invested in high-quality utility and renewable infrastructure equities and midstream credit/preferred securities. As we have highlighted before, these investments offer attractive returns, important diversification benefits, and enhanced liquidity to the portfolio because most of our utility and renewable infrastructure holdings are larger, highly liquid names.

KYN's Net Asset Return during the quarter was negative 0.5%[3], while its Market Return was negative 1.5%[4]. While this broke a string of three consecutive quarters of positive Net Asset Returns, we continue to be pleased with KYN's performance over the last 15 months. For the first nine months of fiscal 2021, KYN's Net Asset Return was 38%, and KYN's Market Return was 44%. As we pointed out last quarter, this strong performance has also come with lower NAV volatility than many other energy infrastructure and midstream focused funds because of the diversity and high-quality nature of KYN's holdings. For more details on KYN's performance, please refer to the Quarterly Performance Section of our website at www.kaynefunds.com/kyn/#performance.

[2] Based on a composite total return for 39 domestic and international renewable infrastructure companies (calculated on a weighted market-cap basis with individual constituents capped at a 10% weighting).

[3] 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).

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

Proposed Merger

Earlier this month, KYN announced that it entered into an agreement with FMO providing for the acquisition of FMO by KYN. The transaction was unanimously approved by KYN's Board of Directors and FMO's Board of Trustees and is expected to close in the first quarter of fiscal 2022, subject to FMO shareholder approval, compliance with all regulatory requirements, and satisfaction of customary closing conditions. FMO's shareholders will be issued shares of KYN common stock in exchange for their shares of FMO common stock. The exchange ratio will be based on the relative per share net asset values of FMO and KYN immediately prior to the transaction's closing date. Notably, the merger is expected to qualify as a tax-free reorganization for federal income tax purposes, and as a result, the transaction is not expected to be taxable to KYN's stockholders or FMO's shareholders.

We are excited to announce this transaction and believe it is in the best interest of KYN's stockholders. As the largest closed-end fund focused on energy infrastructure investments, we believe KYN is a natural consolidator and investors should benefit from the potential cost savings that come with increased size and scale, enhanced trading liquidity, "best in class" access to the capital markets, and additional investment opportunities as we look to capitalize on the energy transition.

KYN's investment focus – equity investments in North American energy infrastructure companies – and its investment objective – to provide a high after-tax total return with an emphasis on making cash distributions to stockholders – remain unchanged. Likewise, KYN's distribution policy – which considers net distributable income as well as realized and unrealized gains from KYN's portfolio investments when determining KYN's distribution – will remain in place after completion of the transaction. We recognize that distributions are a significant part of the value proposition that KYN provides to its investors, and one of management's most important long-term goals is to provide the Company's investors an attractive distribution. We continue to be optimistic about the outlook for energy infrastructure companies over the next few years. Further, we believe KYN's portfolio is well-positioned to capitalize on a continuation in the economic recovery as more progress is made containing the COVID-19 pandemic as well as opportunities related to the transition away from traditional carbon-based fuels to a more sustainable mix of lower carbon and renewable energy sources.

We encourage investors to visit our website at www.kaynefunds.com for more information about the Company, including the podcasts posted within the "Insights" page that discuss performance and key industry trends. We appreciate your investment in KYN and look forward to providing future updates.

KA Fund Advisors, LLC

KYN Quarterly Performance

Kayne Anderson

KYN Total Returns

KYN Total Returns	Fiscal Q3 2021	Fiscal 2021 (YTD)
Net Asset Return[(1)]	(0.5%)	40.4%
Market Return[(2)]	(1.5%)	45.4%
Composite Energy Infrastructure Index[(3)]	(0.7%)	29.4%

KYN Portfolio Returns[4]

Portfolio Returns - Fiscal Q3 2021	KYN	Benchmark[(5)]
Midstream	(1.3%)	(1.9%)
Renewable Infrastructure	6.9%	3.3%
Utility Companies	1.4%	6.0%

(1) Net Asset Return is defined as the change in net asset value per share plus cash distributions paid during the period (assuming reinvestment through our dividend reinvestment plan).
(2) Market Return is defined as the change in share price plus cash distributions paid during the period (assuming reinvestment through our dividend reinvestment plan).
(3) KYN's Composite Energy Infrastructure Index is comprised of an 80% weighting to the midstream sector, a 12.5% weighting to the renewable infrastructure sector and a 7.5% weighting to the utility sector. Returns for each period are total returns (assuming reinvestment of dividends). The sub-sector allocations for this composite index were established by Kayne Anderson at the beginning of fiscal 2021 and are expected to change on an annual basis. Please see footnote 5 for a description of the benchmarks used for each energy infrastructure sub-sector.
(4) Portfolio returns reflect KYN's asset level returns for each sub-sector based on KYN's portfolio holdings. Asset level return is calculated as the total return (before leverage and expenses) of KYN's portfolio holdings divided by the market value of KYN's holdings as of the beginning of the quarter.
(5) The benchmark for the midstream sector is the Alerian Midstream Energy Total Return Index (AMNAX). The benchmark for the renewable infrastructure sector is a composite total return for 39 domestic and international renewable infrastructure companies (calculated on a market-cap weighted basis with individual constituents capped at a 10% weighting). The benchmark for the utilities sector is the Utilities Select Sector SPDR (XLU), which is an ETF linked to the Utilities Select Sector Index (IXU), a sub-set of the S&P 500.

DISCLAIMER & RISK CONSIDERATIONS

All investments involve risk, including possible loss of principal. An investment in the fund could suffer loss.

Kayne Anderson Energy Infrastructure Fund, Inc. (NYSE: KYN) is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended, whose common stock is traded on the NYSE. The company's investment objective is to provide a high after-tax total return with an emphasis on making cash distributions to stockholders. KYN intends to achieve this objective by investing at least 80% of its total assets in securities of Energy Infrastructure Companies. See Glossary of Key Terms in the Company's most recent quarterly report for a description of these investment categories and the meaning of capitalized terms.

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

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

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