

## AICA Member Profile:

# Kayne Anderson

Kayne Anderson Capital Advisors is an alternative investment management firm founded in 1984 by Richard Kayne and John Anderson. The firm pursues cash flow-oriented niche strategies in real estate, credit, infrastructure, energy, and growth capital. Kayne bolsters its differentiated investment philosophy by:

- Fielding talented teams with deep sector expertise.
- Applying knowledge and sourcing advantages to underfollowed segments of the market.
- Sizing its capital (and funds) appropriately to optimize return while minimizing risk.

## Kayne Investment Opportunities

The independent, private, employee-owned firm has \$35 billion in AUM as of March 31, 2024, with listed and non-listed investment products focused on:

<b>Real Estate</b>	\$15.0B in AUM	Opportunistic Equity, Stabilized Equity, Real Estate Debt, Multifamily Housing
<b>Credit</b>	\$6.7B in AUM	Middle Market Direct Lending, Liquid Credit, Specialized Real Estate Debt
<b>Energy / Infrastructure</b>	\$11.4B in AUM	Energy Infrastructure, Private Energy, Renewable Infrastructure
<b>Growth Capital</b>	\$1.0B in AUM	Tech-Enabled Growth

## KYN

Kayne subsidiary KA Fund Advisors serves as investment advisor to the Kayne Anderson Energy Infrastructure Fund (NYSE: KYN), a listed closed-end fund investing predominantly in the North American energy infrastructure sector. The fund seeks to provide high after-tax total returns with an emphasis on making cash distributions to stockholders. The fund works to achieve that objective by investing at least 80% of its total assets in securities of energy infrastructure companies such as those own and operate oil and natural gas pipelines, storage hubs, and export facilities.

KYN's portfolio is actively managed, boasts daily liquidity via its NYSE listing, and is the

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largest and most liquid CEF focused on the energy infrastructure sector.

KYN, which is structured as a taxable corporation, launched on September 28, 2004, and was Kayne's first entry into closed-end funds, though the firm had been investing in master limited partnerships or "MLPs" since 1998. As of June 30, 2024, the fund had \$2.8 billion in assets under management and its annualized distribution rate was 8.5%<sup>1</sup>.

## The Fund's Evolution

In the years following KYN's debut, Kayne launched three more energy infrastructure closed-end funds, eventually merging the four funds into two: KYN and Kayne Anderson NextGen Energy & Infrastructure, Inc. (KMF).



In November 2023, KYN completed its merger with KMF, with KYN as the surviving entity. KYN is now the premier energy infrastructure closed-end fund with the size and scale to engage in meaningful dialogues with management teams, pursue opportunistic private investments, and capitalize on a favorable industry outlook.

## Attractive Fund Structure

KYN offers simplified tax reporting with a single Form 1099 (no K-1s issued to investors), and does not generate unrelated business taxable income which may be unsuitable for IRAs, foundations, and tax-exempt accounts. Kayne believes the fund's flexible investment mandate, commitment to its distribution policy, and best-in-class management make it especially attractive to investors.

***"We believe KYN presents an exceptionally appealing opportunity for investors to gain exposure to the North American energy infrastructure sector in an easy-to-own structure. KYN provides investors with daily liquidity via its NYSE listing, an attractive quarterly distribution, and the tax simplicity of a single Form 1099."***

*Jim Baker, Managing Partner, Energy Infrastructure*

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<sup>1</sup>Calculated by annualizing the most recent quarterly distribution amount paid (\$0.22 per share, paid July 8, 2024) divided by the closing market price as of June 30, 2024. The distribution rate is subject to change and is not a quotation of fund performance.

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## Q&A with Jim Baker

### ***What have been the impacts of the merger of KYN and KMF?***

The merger solidified KYN's position as the preeminent closed-end fund to gain exposure to the energy infrastructure sector. In addition, following our announcement to merge KYN and KMF together, we have seen other fund complexes pursue similar strategies to consolidate their fund offerings. We believe we were on the front-end of this trend and completed the transaction in an investor-friendly fashion. The result has been increased recognition of KYN as the market leader in terms of its proactive management of the fund.

### ***Why should investors want exposure to energy infrastructure?***

Energy infrastructure is the pulmonary system for our modern economy. It facilitates the distribution and delivery of essential energy resources such as oil, natural gas, and electricity that power industries, homes, and transportation networks. We believe the sector offers attractive mid-teens return prospects and is critical to sustaining our modern way of life.

In addition, the midstream companies in which we invest — the core tenet of our energy infrastructure exposure — have undergone a maturation process over the last several years. The result for these

companies has been stronger balance sheets, improved capital discipline, an increased focus on returning cash to shareholders either through increasing dividends or share buybacks, and enhanced corporate governance. We believe these actions have de-risked the investment profile of these businesses and further bolsters the sector as an attractive investment opportunity.

### ***When did Kayne join AICA and what do you like most about being a member?***

We have followed AICA for some time but officially joined in early 2023. We especially like AICA's member events and the access to data and research that comes with membership. We have been impressed with CEFA's track record and its data-driven approach.

### ***Where do you think Kayne will be in three years?***

We are fully committed to the energy infrastructure space and generating attractive returns for KYN's investors. We have a bullish outlook for the sector for the next several years and believe KYN is well positioned to execute on its investment objective. Further, we are committed to ensuring KYN remains the premier CEF focused on energy infrastructure and plan to continue to build on our "best in class" track record of proactive management and shareholder friendly actions.

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Learn more about [Kayne Anderson](#) and its listed closed-end fund [KYN](#).

## Risk Considerations

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. KYN'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.

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. All investments involve risk, including possible loss of principal. An investment in the fund could suffer loss. The fund's concentration of investments in the energy infrastructure sector subjects it to greater risk and volatility than a diversified fund. Risks include, but are not limited to, risks associated with energy infrastructure companies, midstream companies, renewable infrastructure companies, 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 which may adversely affect return, including the likelihood of greater volatility of net asset value and market price of common shares and fluctuations in dividend rates on any preferred shares, and increases a shareholder's risk of loss. Before investing in the fund, you should consider the investment objective, risks, charges and expenses of the fund, which, together with other important information are included in the fund's most recent prospectus and other filings with the SEC, available at [www.kaynefunds.com](http://www.kaynefunds.com) or [www.sec.gov](http://www.sec.gov). There can

be no assurance that the fund's investment objectives will be attained. This communication is provided for informational purposes only. This material shall 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 in this communication constitutes tax, legal or investment advice. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation.

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