

Kayne Anderson

Fund Advisors

Overview

as of 3/31/12

Symbol	KMF
Exchange	NYSE
Inception Date	11/24/2010
NAV updates ¹	Thursdays & month end
Total Assets	\$913 million
Leverage	www.kaynefunds.com/KmfLeverage.php
Quarterly Distribution ² (\$/share)	\$0.425
% of portfolio assets with Call Options	3.2%

Objective

KMF is a closed-end fund whose investment objective is to provide a high level of total return with an emphasis on making quarterly cash distributions to its stockholders. KMF invests principally in securities of companies in the Midstream/Energy Sector, consisting of: (a) Midstream MLPs, (b) Midstream Companies, (c) Other MLPs and (d) Other Energy Companies. KMF anticipates that the majority of its investments will consist of equity investments in Midstream MLPs and Midstream Companies.

Investment Merits

• Midstream Opportunities

- Opportunity to invest across the full value chain for the Midstream Sector through investments in Midstream Master Limited Partnerships (“MLPs”) and Midstream Companies
- Midstream Sector generates attractive risk-adjusted returns and has stable characteristics
- Development of “unconventional reserves” is changing the North American energy industry, driving the need for new Midstream assets and creating significant growth opportunities for the Midstream sector

• Attractive Fund Structure

- KMF issues a Form 1099 (no K-1).
- Suitable for IRAs, foundations and tax-exempt accounts, because unlike direct holdings in MLPs, KMF does not generate unrelated business taxable income (UBTI).
- KMF is a Regulated Investment Company (RIC) and, as such, does not pay income taxes at the fund level.

- **Access to Private Investments.** KMF provides access to private investment opportunities not available to retail investors.

¹ Weekly NAVs are calculated as of close of business on Thursdays and posted to our website on Fridays after the market closes at www.kaynefunds.com/KmfNav.php. Month-end NAVs are issued via press release and posted to the website within a few days of the end of the month.

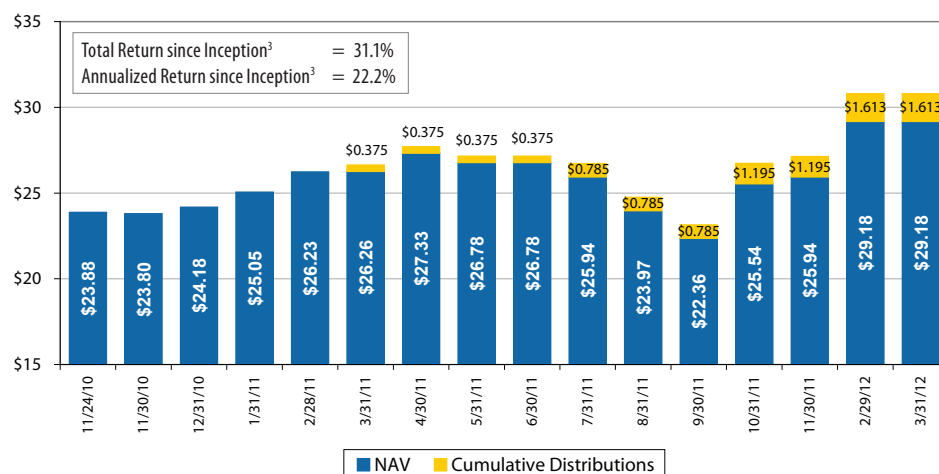
² Payable 4/26/12 (ex-date 4/18/12) for the quarter ended 2/29/12.

³ Assumes that distributions have been reinvested through the Dividend Reinvestment Program (DRIP).

Midstream/Energy Fund (KMF)

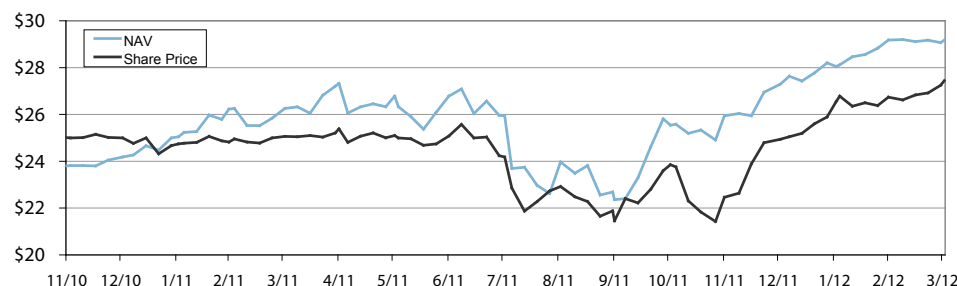
Total Return (NAV plus distributions)

11/24/10 to 3/31/12



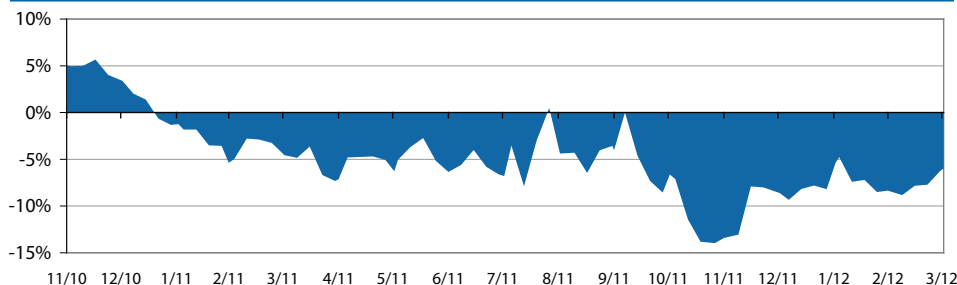
Share Price and NAV History

11/24/10 to 3/31/12



Premium/Discount to NAV

11/24/10 to 3/31/12



Calendar Year Returns

as of 3/31/12

	2011	2012 YTD
NAV and distributions ³	20.8%	6.9%
NAV only	12.9%	6.9%
Share price and distributions ³	6.8%	10.0%
Share price only	-0.2%	10.0%

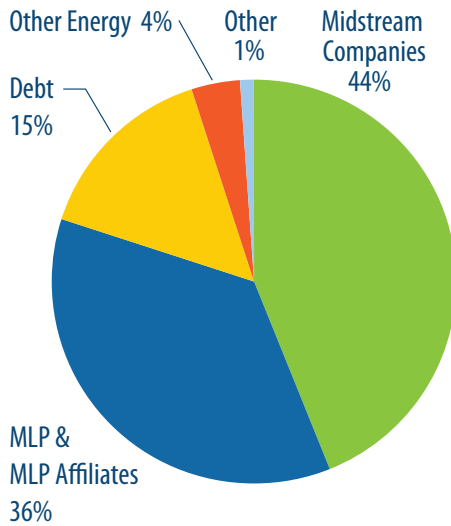
Returns (Not annualized)

as of 3/31/12

	3 Mo.	6 Mo.	1-Yr	Since Inception
NAV and distrib ³	6.9%	35.2%	17.1%	31.1%
NAV only	6.9%	30.5%	11.1%	22.5%
Share price and distrib ³	10.0%	32.5%	15.4%	17.5%
Share price only	10.0%	27.9%	9.5%	9.8%

Midstream/Energy Fund (KMF)

Portfolio as of 3/31/12



Top 10 Holdings as of 3/31/12

The Williams Companies, Inc.	9.3%
Kinder Morgan Management, LLC	7.2%
Kinder Morgan, Inc.	5.7%
El Paso Corporation	5.5%
Enbridge Energy Management, L.L.C.	3.8%
Buckeye Partners, L.P.	3.5%
ONEOK, Inc.	3.1%
Targa Resources Corp.	2.9%
Spectra Energy Corp.	2.9%
Golar LNG Partners LP	2.6%
	46.5%

Growth of Hypothetical \$10,000 Investment

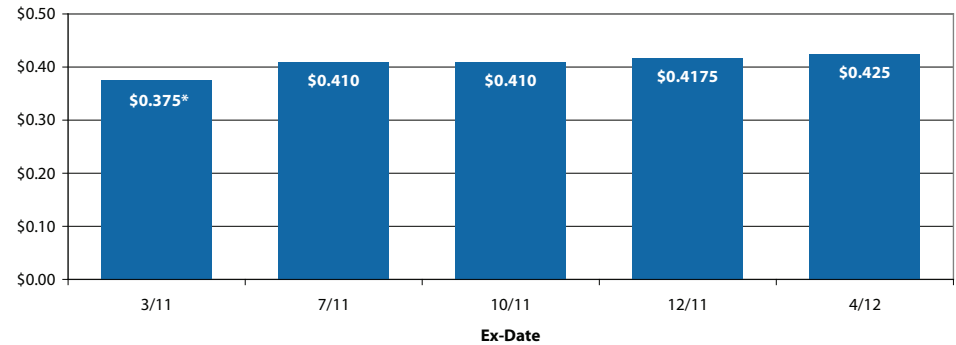
Date	NAV and Distrib	Share Price and Distrib
Inception (11/24/10)	\$10,000	\$10,000
12/31/10	10,149	10,000
12/31/11	12,262	10,680
3/31/12	13,112	11,750

This table illustrates the growth of a hypothetical \$10,000 investment in the fund's common shares beginning on the inception date with all distributions reinvested through the Dividend Reinvestment Program (DRIP). Ending values as of the dates shown in the table. Performance does not reflect transaction fees or broker commissions. Past performance is no guarantee of future results.

Tax Character of 2011 Distributions

Qualified dividends	21%
Ordinary dividends	79%
	100%

Quarterly Distributions per Share



* Represents an initial partial distribution.

This material shall not constitute an offer to sell or a solicitation to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer or sale is not permitted. Past performance is not a guarantee of future results. An investment in the fund could suffer loss. Current performance may be lower or higher than that shown based on market fluctuations from the end of the reported period. Before making an investment in the fund, you should consider the investment objective, risks, charges and expenses of the fund, which, together with and other important information are included in the fund's most recent prospectus and other filings with the SEC. There can be no assurance that the fund's investment objectives will be attained. Shares of closed-end funds frequently trade at a market price that is below their net asset value. 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.

NOT FDIC INSURED

NOT BANK GUARANTEED

MAY LOSE VALUE

FOR MORE INFORMATION: www.kaynefunds.com or call 1-877-657-3863

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