

Kayne Anderson Renewable Infrastructure Fund

Portfolio managers Justin Campeau, Harrison Little, and Jim Baker provide insight into the rapidly growing renewable energy infrastructure industry and the management of the Kayne Anderson Renewable Infrastructure Fund.

PORTFOLIO MANAGEMENT TEAM



Justin Campeau, Harrison Little, and Jim Baker are the portfolio managers responsible for the management of the Fund. They have 17, 13, and 27 years of experience, respectively, in the energy industry with specific expertise in renewable energy infrastructure.

Kayne Anderson Leading the Way in Alternative Investing, including Renewable Strategies, Since 1984

Kayne Anderson, founded in 1984, is a leading alternative investment management firm focused on real estate, credit, infrastructure, energy, and growth capital. With a team defined by an entrepreneurial and resilient culture, Kayne Anderson's investment philosophy is to pursue cash flow-oriented niche strategies where knowledge and sourcing advantages enable us to deliver above average, risk-adjusted investment returns.

As responsible stewards of capital, Kayne Anderson's philosophy extends to promoting responsible investment practices and sustainable business practices to create long-term value for our investors. Kayne manages \$34 billion in assets (as of 12/31/2023) for institutional investors, family offices, high net worth and retail clients and employs 330 professionals.

1. Would you please share your thoughts on the renewable energy infrastructure markets in 2023?

2023 was a very difficult year for renewable energy infrastructure-related companies in a period of rapidly rising interest rates. This challenge was compounded by the negative sentiment and news flow that swirled around the clean energy sector.

However, when you take a step back and consider the underlying fundamentals of the companies we invest in, which are defensive, hard asset, attractive power companies, our portfolio companies continued to execute on their business plans and grow earnings, cash flow, and dividends.

In Q4 2023, we saw investors starting to differentiate between companies experiencing challenging issues and those performing well. As a result, we saw a partial market recovery across the renewable energy sector and a notable bounce back in sentiment, which sets us up for potentially a more positive 2024.

In addition, a number of our portfolio companies announced notable project activity in Q4 2023. For example, NextEra Energy announced their most significant quarter of new renewable project originations in the company's history.* As the largest renewable energy company in the U.S., NextEra is enjoying rising demand, which bodes well for future growth.

2. Would you please provide your perspective on the renewable energy infrastructure project activity as we enter 2024?

We continue to see a high level of renewable energy infrastructure project activity worldwide. In fact, 2023 was another record year for completed wind and solar projects. We expect 2024 to be similarly productive.

Regardless of where they are domiciled, the U.S. is still the engine of opportunity for many of our portfolio companies. While the Inflation Reduction Act was a little bit of a disappointment last year in terms of delays in guidance from the Treasury and in implementation, we expect to see greater use of the related tax credits by companies this year.

3. Are there any notable catalysts for growth, in addition to the global energy transition to renewables, as we move forward in 2024?

There are several significant developments that we expect to be catalysts for renewable energy infrastructure growth in 2024 and beyond, including the following:

- » **Accelerating project permitting timeframes** – project development supply chain pressures have eased and we continue to see legislation aimed at easing grid congestion, interconnection queues, and regulatory bottlenecks. For example, Europe is focusing on significantly reducing timeframes with a suite of revisions to the 2018 EU Renewable Energy Directive introduced last year to accelerate wind and solar growth.
- » **U.S. tax credit flexibility** – Inflation Reduction Act tax credits can now be used interchangeably for wind, solar, and battery projects, with additional credits for development in economic opportunity zones. In addition, tax credits can now be transferred. As a result, renewable energy infrastructure developers have more ways to use and monetize credits during project development.

- » **Increased AI-related data center demand** – many of the Fund’s utility companies are starting to realize demand load growth from data center’s associated with AI (artificial intelligence). These data centers are controlled by companies with clean energy corporate mandates that require renewable energy-generated electricity. This demand is viewed as incremental to the broad energy transition, accelerating growth outlooks for renewable energy infrastructure.
- » **Attractive valuations and entry point** – many of our portfolio companies experienced multiple compression even though they continued to grow their businesses and execute their strategies. We expect the high-quality, large-cap companies in the Fund’s portfolio to provide steady growth as progress is made with their project pipelines.

DISCLOSURES

**NextEra represented 4.7% of the Fund's portfolio as of 12/31/23. Fund holdings are subject to change at any time and are not recommendations to buy or sell any security. Current and future holdings are subject to risk.*

The Fund’s investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus and summary prospectus contains this and other important information about the Fund, and may be obtained by calling 844-95-KAYNE or visiting kaynefunds.com/karix. Read it carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. An investment in the Fund could suffer loss. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. Because the Fund invests in Renewable Infrastructure Companies, the value of the Fund shares may be affected by events that adversely affect companies in that industry. The Fund has investments in non-U.S. issuers or U.S. issuers with significant non-U.S. operations, which may be subject to additional political, social, regulatory, and economic risks. As a result, the Fund may be exposed to risks that the exchange rate of the U.S. dollar relative to other currencies may change in a manner that could have an adverse effect on the gain and loss generated from the Fund’s investments denominated in currencies other than the U.S. dollar. Market risk is the potential for changes in the fair value of financial instruments from market changes, including fluctuations in market price. Market risk is directly affected by the volatility and liquidity in markets in which the related underlying assets are traded.

Diversification does not assure a profit or protect against loss in a declining market.

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