

Kayne Anderson MLP/Midstream Investment Co
Form N-Q
October 30, 2018
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY
Investment Company Act file number 811-21593

Kayne Anderson MLP/Midstream Investment Company

(Exact name of registrant as specified in charter)

811 Main Street, 14th Floor

Houston, Texas 77002

(Address of principal executive offices) (Zip code)

David Shladovsky, Esq.

KA Fund Advisors, LLC

811 Main Street, 14th Floor

Houston, Texas 77002

(Name and address of agent for service)

Registrant's telephone number, including area code: (713) 493-2020

Date of fiscal year end: November 30, 2018

Date of reporting period: August 31, 2018

Table of Contents

TABLE OF CONTENTS

Item 1: Schedule of Investments

Item 2: Controls and Procedures

Item 3: Exhibits

SIGNATURES

EX-99.CERT

Table of Contents**Item 1. Schedule of Investments.****KAYNE ANDERSON MLP/MIDSTREAM INVESTMENT COMPANY****SCHEDULE OF INVESTMENTS****AUGUST 31, 2018****(amounts in 000 s)****(UNAUDITED)**

Description	No. of Shares/Units	Value
Long-Term Investments 162.7%		
Equity Investments⁽¹⁾ 162.7%		
Midstream MLP⁽²⁾ 118.5%		
Andeavor Logistics LP	919	\$ 44,651
Antero Midstream Partners LP ⁽³⁾	367	10,736
BP Midstream Partners LP	2,556	50,430
Buckeye Partners, L.P. ⁽⁴⁾	3,662	129,117
Buckeye Partners, L.P. Class C Units ⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	2,610	83,375
CNX Midstream Partners LP	770	15,090
Cheniere Energy Partners, L.P.	1,448	54,871
Crestwood Equity Partners LP	1,474	55,404
DCP Midstream, LP	2,905	119,714
Dominion Midstream Partners, LP Convertible Preferred Units ⁽⁶⁾⁽⁸⁾	631	13,664
Enable Midstream Partners, LP	1,470	22,888
Enbridge Energy Management, L.L.C. ⁽⁹⁾⁽¹⁰⁾	2,475	26,857
Enbridge Energy Partners, L.P. ⁽¹⁰⁾	1,546	17,408
Energy Transfer Partners, L.P. ⁽¹¹⁾	19,095	430,589
EnLink Midstream Partners, LP	4,888	87,006
Enterprise Products Partners L.P.	18,416	526,701
EQT Midstream Partners, LP	475	27,153
Global Partners LP	1,166	21,752
Hess Midstream Partners LP	40	908
Magellan Midstream Partners, L.P.	2,074	141,567
MPLX LP	5,165	183,193
MPLX LP Convertible Preferred Units ⁽⁵⁾⁽⁶⁾⁽¹²⁾	2,255	88,276
Noble Midstream Partners LP	280	12,257
Phillips 66 Partners LP	701	36,066
Plains All American Pipeline, L.P. ⁽⁴⁾	8,613	224,963
Plains GP Holdings, L.P. ⁽⁴⁾	70	1,805
Plains GP Holdings, L.P. Plains AAP, L.P. ⁽⁴⁾⁽⁶⁾⁽¹³⁾	1,622	42,374
Shell Midstream Partners, L.P.	4,898	109,562
Spectra Energy Partners, LP ⁽¹⁰⁾	1,487	56,462
Sprague Resources LP	683	17,268
Summit Midstream Partners, LP	2,060	33,270
Western Gas Partners, LP	4,471	218,418
		2,903,795
Midstream Company 41.1%		
Antero Midstream GP LP ⁽³⁾	246	4,155
Kinder Morgan, Inc.	1,445	25,575

Edgar Filing: Kayne Anderson MLP/Midstream Investment Co - Form N-Q

ONEOK, Inc.	4,936	325,359
SemGroup Corporation	625	15,124
Tallgrass Energy, LP	3,726	91,621
Targa Resources Corp.	3,844	211,673
The Williams Companies, Inc. ⁽¹⁴⁾	11,295	334,226
		1,007,733

Table of Contents**KAYNE ANDERSON MLP/MIDSTREAM INVESTMENT COMPANY****SCHEDULE OF INVESTMENTS****AUGUST 31, 2018****(amounts in 000 s)****(UNAUDITED)**

Description	No. of Shares/Units	Value
General Partner MLP 1.3%		
Energy Transfer Equity, L.P. ⁽¹¹⁾	1,225	\$ 21,439
EQT GP Holdings, LP	445	9,345
		30,784
Shipping MLP 1.2%		
Capital Product Partners L.P. Class B Unit ⁽⁶⁾⁽¹⁵⁾	3,636	28,945
Other 0.6%		
Viper Energy Partners LP	406	15,798
Total Long-Term Investments United States 162.7% (Cost \$3,050,258)		3,987,055
Debt		(833,000)
Mandatory Redeemable Preferred Stock at Liquidation Value		(317,000)
Current Income Tax Liability		(21,618)
Deferred Income Tax Liability		(363,041)
Other Liabilities in Excess of Other Assets		(2,247)
Net Assets Applicable to Common Stockholders		\$ 2,450,149

- (1) Unless otherwise noted, equity investments are common units/common shares.
- (2) Includes limited liability companies and affiliates of master limited partnerships.
- (3) On October 9, 2018, Antero Midstream GP LP (AMGP) and Antero Midstream Partners LP (AM) announced that they entered into a definitive agreement for AMGP to acquire all of the outstanding AM common units. In connection with the transaction, AMGP will convert into a corporation and the combined entity will be renamed Antero Midstream Corporation (New AM). Under the terms of the agreement, AM unitholders will receive a combination of \$3.415 in cash and 1.635 shares of New AM stock per AM unit owned.
- (4) The Company believes that it is an affiliate of Buckeye Partners, L.P. (BPL), Plains GP Holdings, L.P. (PAGP), Plains AAP, L.P. (PAGP-AAP) and Plains All American Pipeline, L.P. (PAA).

Edgar Filing: Kayne Anderson MLP/Midstream Investment Co - Form N-Q

- (5) Fair valued security.
- (6) The Company's ability to sell this security is subject to certain legal or contractual restrictions. As of August 31, 2018, the aggregate value of restricted securities held by the Company was \$256,634 (6.4% of total assets), which included \$42,374 of Level 2 securities and \$214,260 of Level 3 securities.
- (7) On March 2, 2018, the Company purchased, in a private placement, Class C Units from BPL. The BPL Class C Units are similar in all respects to the common units except that BPL has elected to pay distributions in-kind (additional Class C Units) instead of cash. The Class C Units will convert on a one-for-one basis to BPL common units no later than March 2, 2020 and convert automatically on a one-for-one basis if BPL reduces its common unit distribution.
- (8) On December 1, 2016, the Company purchased, in a private placement, Series A Convertible Preferred Units (DM Convertible Preferred Units) from Dominion Midstream Partners, LP (DM). The DM Convertible Preferred Units are senior to the common units in terms of liquidation preference and priority of distributions and pay a quarterly distribution of \$0.3135 per unit for the first two years and thereafter will pay the higher of (a) \$0.3135 per unit or (b) the distribution that the DM Convertible Preferred Units would receive on an as converted basis. For the first two years, the distribution may be paid, at DM's option, in cash or in units. After two years, the distribution will be paid in cash. Holders of the DM Convertible Preferred Units may convert on a one-for-one basis to DM common units any time after December 1, 2018. On September 19, 2018, Dominion Energy (D) announced an offer to acquire all outstanding DM common units that are not already owned by D. In connection with this transaction, the DM Convertible Preferred Units are expected to be converted into DM common units at a conversion ratio that will be determined in accordance with the terms of the partnership agreement of DM and that is expected to result in a value to the Company of 140% of the liquidation preference of \$26.40 per unit. The transaction is expected to close in the first quarter of 2019.

Table of Contents

KAYNE ANDERSON MLP/MIDSTREAM INVESTMENT COMPANY

SCHEDULE OF INVESTMENTS

AUGUST 31, 2018

(amounts in 000 s)

(UNAUDITED)

- (9) Dividends are paid-in-kind.
- (10) On August 24, 2018, Enbridge Inc. (ENB) announced it entered into a definitive agreement to acquire, with ENB stock, all of the outstanding public common units of Spectra Energy Partners, LP (SEP). On September 18, 2018, ENB announced it entered into a definitive agreement to acquire, with ENB stock, all of the outstanding public equity securities of Enbridge Energy Partners, L.P. (EEP), Enbridge Energy Management, L.L.C. (EEQ) and Enbridge Income Fund Holdings Inc. (ENF).
- (11) On October 19, 2018, Energy Transfer Equity, L.P. (ETE) and Energy Transfer Partners, L.P. (ETP) completed their previously announced unit-for-unit merger, in which ETE acquired ETP. Upon closing of the merger, ETE changed its name to Energy Transfer LP.
- (12) On May 13, 2016, the Company purchased, in a private placement, Series A Convertible Preferred Units (MPLX Convertible Preferred Units) from MPLX LP (MPLX). The MPLX Convertible Preferred Units are senior to the common units in terms of liquidation preference and priority of distributions and pay a quarterly distribution at the higher of (a) \$0.528125 per unit or (b) the distribution that the MPLX Convertible Preferred Units would receive on an as converted basis. Holders of the MPLX Convertible Preferred Units may convert on a one-for-one basis to MPLX common units any time after May 13, 2019.
- (13) The Company s ownership of PAGP-AAP is exchangeable on a one-for-one basis into either PAGP shares or PAA units at the Company s option. The Company values its PAGP-AAP investment on an as exchanged basis based on the higher public market value of either PAGP or PAA. As of August 31, 2018, the Company s PAGP-AAP investment is valued at PAA s closing price.
- (14) On August 10, 2018, The Williams Companies, Inc. (WMB) and Williams Partners L.P. (WPZ) completed their previously announced stock-for-unit merger.
- (15) Class B Units are convertible on a one-for-one basis into common units of Capital Product Partners L.P. (CPLP) and are senior to the common units in terms of liquidation preference and priority of distributions (liquidation preference of \$9.00 per unit). The Class B Units pay quarterly cash distributions and are convertible at any time at the option of the holder. The Class B Units paid a distribution of \$0.21375 per unit for the third quarter.

Table of Contents

From time to time, the Company's ability to sell certain of its investments is subject to certain legal or contractual restrictions. For instance, private investments that are not registered under the Securities Act of 1933, as amended (the Securities Act), cannot be offered for public sale in a non-exempt transaction without first being registered. In other cases, certain of the Company's investments have restrictions such as lock-up agreements that preclude the Company from offering these securities for public sale.

At August 31, 2018, the Company held the following restricted investments:

Investment	Acquisition Date	Type of Restriction	Number of Units (in 000 s)	Cost Basis (GAAP)	Fair Value	Fair Value Per Unit	Percent of Net Assets	Percent of Total Assets
Level 2 Investments⁽¹⁾								
Plains GP Holdings, L.P.								
Plains AAP, L.P.	(2)	(3)	1,622	\$ 6,199	\$ 42,374	\$ 26.12	1.7%	1.1%
Level 3 Investments⁽⁴⁾								
Buckeye Partners, L.P.								
Class C Units	(2)	(5)	2,610	\$ 103,003	\$ 83,375	\$ 31.94	3.4%	2.1%
Capital Product Partners L.P.								
Class B Units	(2)	(5)	3,636	18,458	28,945	7.96	1.2	0.7
Dominion Midstream Partners, LP								
Convertible Preferred Units	12/1/16	(5)	631	16,686	13,664	21.64	0.6	0.3
MPLX LP								
Convertible Preferred Units	5/13/16	(5)	2,255	72,217	88,276	39.14	3.6	2.2
Total				\$ 210,364	\$ 214,260		8.8%	5.3%
Total of all restricted securities				\$ 216,563	\$ 256,634		10.5%	6.4%

&nb