

Kayne Anderson MLP Investment CO
Form N-Q
October 30, 2014
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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 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, 2014

Date of reporting period: August 31, 2014

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| Description | No. of Shares/Units | Value |
|--|------------------------|------------|
| Long-Term Investments 181.5% | | |
| Equity Investments⁽¹⁾ 181.5% | | |
| Midstream MLP⁽²⁾ 153.3% | | |
| Access Midstream Partners, L.P. | 3,732 | \$ 240,151 |
| Arc Logistics Partners LP | 1,006 | 26,208 |
| Atlas Pipeline Partners, L.P. | 1,246 | 46,030 |
| Buckeye Partners, L.P. | 2,579 | 203,731 |
| Crestwood Midstream Partners LP | 10,785 | 251,930 |
| DCP Midstream Partners, LP | 6,296 | 356,239 |
| El Paso Pipeline Partners, L.P. ⁽³⁾ | 5,305 | 220,492 |
| Enable Midstream Partners, LP | 862 | 22,098 |
| Enbridge Energy Management, L.L.C. ⁽⁴⁾ | 1,844 | 66,070 |
| Enbridge Energy Partners, L.P. | 6,024 | 218,787 |
| Energy Transfer Partners, L.P. ⁽⁵⁾ | 6,945 | 398,990 |
| EnLink Midstream Partners, LP | 5,992 | 185,704 |
| Enterprise Products Partners L.P. ⁽⁵⁾ | 18,585 | 755,112 |
| EQT Midstream Partners, LP | 170 | 16,605 |
| Global Partners LP | 2,068 | 89,078 |
| Holly Energy Partners, L.P. | 752 | 27,276 |
| Kinder Morgan Energy Partners, L.P. ⁽³⁾ | 1,944 | 187,361 |
| Kinder Morgan Management, LLC ⁽³⁾⁽⁴⁾ | 5,082 | 496,661 |
| Magellan Midstream Partners, L.P. | 2,822 | 236,829 |
| MarkWest Energy Partners, L.P. ⁽⁶⁾ | 5,838 | 465,472 |
| Martin Midstream Partners L.P. | 176 | 6,903 |
| Midcoast Energy Partners, L.P. | 1,969 | 44,297 |
| Niska Gas Storage Partners LLC | 1,412 | 20,343 |
| ONEOK Partners, L.P. | 5,850 | 347,675 |
| PBF Logistics LP | 219 | 5,471 |
| Plains All American Pipeline, L.P. ⁽⁶⁾ | 6,948 | 416,369 |
| QEP Midstream Partners, LP | 1,134 | 29,488 |
| Regency Energy Partners LP | 15,064 | 496,826 |
| Southcross Energy Partners, L.P. | 469 | 10,359 |
| Sprague Resources LP | 1,539 | 40,095 |
| Summit Midstream Partners, LP | 1,591 | 87,967 |
| Sunoco Logistics Partners L.P. | 865 | 42,813 |
| Tallgrass Energy Partners, LP | 635 | 27,175 |
| Targa Resources Partners L.P. | 2,566 | 190,915 |
| VTTI Energy Partners LP ⁽⁷⁾ | 286 | 7,836 |
| Western Gas Partners, LP | 2,819 | 218,431 |
| Williams Partners L.P. | 7,797 | 413,301 |

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| | | |
|--|-------|-----------|
| | | 6,917,088 |
| Midstream Company 8.4% | | |
| Kinder Morgan, Inc. ⁽³⁾ | 1,447 | 58,248 |
| ONEOK, Inc. | 829 | 58,168 |
| Plains GP Holdings, L.P. Unregistered ⁽⁴⁾⁽⁸⁾⁽⁹⁾ | 6,402 | 191,452 |
| Targa Resources Corp. | 218 | 30,427 |
| The Williams Companies, Inc. | 708 | 42,083 |
| | | 380,378 |

Table of Contents**KAYNE ANDERSON MLP INVESTMENT COMPANY****SCHEDULE OF INVESTMENTS****AUGUST 31, 2014****(amounts in 000 s)****(UNAUDITED)**

| Description | No. of Shares/Units | Value |
|--|------------------------|-----------|
| Shipping MLP 5.2% | | |
| Capital Product Partners L.P. | 2,723 | \$ 29,785 |
| Capital Products Partners L.P. Class B Units ⁽¹⁰⁾ | 3,030 | 33,152 |
| Dynagas LNG Partners LP | 964 | 23,318 |
| Golar LNG Partners LP | 1,474 | 56,143 |
| Höegh LNG Partners LP ⁽⁷⁾ | 286 | 7,404 |
| KNOT Offshore Partners LP | 362 | 10,155 |
| Navios Maritime Partners L.P. | 282 | 5,549 |
| Teekay Offshore Partners L.P. | 1,911 | 67,343 |
| | | 232,849 |
| General Partner MLP 4.8% | | |
| Alliance Holdings GP L.P. | 1,998 | 143,523 |
| Crestwood Equity Partners LP | 2,273 | 28,987 |
| Energy Transfer Equity, L.P. | 394 | 23,908 |
| Western Gas Equity Partners, LP | 307 | 18,417 |
| | | 214,835 |
| Upstream MLP & Income Trust 3.6% | | |
| BreitBurn Energy Partners L.P. | 1,397 | 31,975 |
| Enduro Royalty Trust | 300 | 3,951 |
| EV Energy Partners, L.P. | 516 | 21,555 |
| Legacy Reserves LP | 1,168 | 35,912 |
| Linn Co, LLC | 67 | 2,091 |
| LRR Energy, L.P. | 803 | 15,389 |
| Mid-Con Energy Partners, LP | 2,291 | 51,276 |
| | | 162,149 |
| Other 6.2% | | |
| AmeriGas Partners, L.P. | 223 | 10,327 |
| Clearwater Trust ⁽⁶⁾⁽⁸⁾⁽¹¹⁾ | N/A | 740 |
| Compressco Partners, L.P. | 1,165 | 31,438 |
| Exterran Partners, L.P. | 2,524 | 73,193 |
| Foresight Energy LP | 2,014 | 38,240 |
| Natural Resource Partners L.P. | 398 | 6,315 |
| Northern Tier Energy LP | 271 | 7,105 |
| Seadrill Partners LLC | 388 | 13,384 |
| SunCoke Energy Partners, L.P. | 1,906 | 57,690 |
| Transocean Partners LLC ⁽⁷⁾ | 331 | 9,423 |

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| | | |
|--|-------|-------------|
| USA Compression Partners, LP | 1,123 | 29,383 |
| Westlake Chemical Partners LP ⁽⁷⁾ | 134 | 4,053 |
| | | 281,291 |
| Total Long-Term Investments (Cost \$4,110,350) | | 8,188,590 |
| Liabilities | | |
| Debt | | (1,526,000) |
| Mandatory Redeemable Preferred Stock at Liquidation Value | | (499,000) |
| Deferred Tax Liability | | (1,645,781) |
| Other Liabilities | | (53,554) |
| Total Liabilities | | (3,724,335) |

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KAYNE ANDERSON MLP INVESTMENT COMPANY

SCHEDULE OF INVESTMENTS

AUGUST 31, 2014

(amounts in 000 s)

(UNAUDITED)

| Description | Value |
|---|---------------------|
| Current Tax Asset | \$ 9,079 |
| Other Assets | 37,899 |
| Total Liabilities in Excess of Other Assets | (3,677,357) |
| Net Assets Applicable to Common Stockholders | \$ 4,511,233 |

- (1) Unless otherwise noted, equity investments are common units/common shares.
- (2) Includes limited liability companies.
- (3) On August 10, 2014, Kinder Morgan, Inc. announced that it will acquire all of the outstanding equity securities of Kinder Morgan Management, LLC, Kinder Morgan Energy Partners, L.P. and El Paso Pipeline Partners, L.P.
- (4) Dividends are paid-in-kind.
- (5) In lieu of cash distributions, the Company has elected to receive distributions in additional units through the partnership's dividend reinvestment program.
- (6) The Company believes that it is an affiliate of Clearwater Trust, MarkWest Energy Partners, L.P., Plains All American Pipeline, L.P. and Plains GP Holdings, L.P. (Plains GP).
- (7) Security is not currently paying cash distributions but is expected to pay cash distributions within the next 12 months.
- (8) Fair valued security, restricted from public sale.
- (9)

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The Company holds an interest in Plains AAP, L.P. (PAA GP), which controls the general partner of Plains All American, L.P. The Company's ownership of PAA GP is exchangeable into shares of Plains GP (which trades on the NYSE under the ticker PAGP) on a one-for-one basis at the Company's option.

- (10) 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. The Class B Units pay quarterly cash distributions of \$0.21375 per unit and are convertible at any time at the option of the holder. If CPLP increases the quarterly cash distribution per common unit, the distribution per Class B Unit will increase by an equal amount. If CPLP does not redeem the Class B Units by May 2022, then the distribution increases by 25% per quarter to a maximum of \$0.33345 per unit. CPLP may require that the Class B Units convert into common units after May 2015 if the common unit price exceeds \$11.70 per unit, and the Class B Units are callable after May 2017 at a price of \$9.27 per unit and after May 2019 at \$9.00 per unit.

- (11) The Company owns an interest in the Creditors Trust of Miller Bros. Coal, LLC (Clearwater Trust) consisting of a coal royalty interest and certain other assets.

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From time to time, certain of the Company's investments may be restricted as to resale. 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, 2014, 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 3 Investments⁽¹⁾ | | | | | | | | |
| Capital Products Partners L.P. | | | | | | | | |
| Class B Units | (2) | (3) | 3,030 | \$ 22,954 | \$ 33,152 | \$ 10.94 | 0.7% | 0.4% |
| Clearwater Trust | | | | | | | | |
| Trust Interest | (4) | (5) | N/A | 2,810 | 740 | N/A | | |
| Plains GP Holdings, L.P. | | | | | | | | |
| Common Units | (2) | (6) | 6,402 | 23,015 | 191,452 | \$ 29.90 | 4.3 | 2.3 |
| Total | | | | \$ 48,779 | \$ 225,344 | | 5.0% | 2.7% |

(1) Securities are valued using inputs reflecting the Company's own assumptions.

(2) Security was acquired at various dates in prior fiscal years.

(3) Unregistered or restricted security of a publicly-traded company.

(4) The Company holds an interest in the Clearwater Trust consisting of cash and a coal royalty interest.

(5) Unregistered security of a private trust.

(6) The Company holds an interest in PAA GP, which controls the general partner of Plains All American, L.P. The Company's ownership of PAA GP is exchangeable into shares of Plains GP (which trades on the NYSE under the ticker PAGP) on a one-for-one basis at the Company's option. The Company agreed to a 15-month lock-up on any Plains GP shares it receives in exchange for its ownership in PAA GP (lock-up expires in January 2015).

At August 31, 2014, the cost basis of investments for federal income tax purposes was \$3,509,271. At August 31, 2014, gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

| | |
|-------------------------------|--------------|
| Gross unrealized appreciation | \$ 4,682,796 |
| Gross unrealized depreciation | (3,477) |
| Net unrealized appreciation | \$ 4,679,319 |

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The identified cost basis of federal tax purposes is estimated based on information available from the Company's portfolio companies. In some cases, this information is very limited. Accordingly, the actual cost basis may prove higher or lower than the estimated cost basis included above.

As required by the Fair Value Measurement and Disclosures of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC 820), the Company has performed an analysis of all assets and liabilities measured at fair value to determine the significance and character of all inputs to their fair value determination.

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The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad categories.

Level 1 Valuations based on quoted unadjusted prices for identical instruments in active markets traded on a national exchange to which the Company has access at the date of measurement.

Level 2 Valuations based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.

Level 3 Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Company's own assumptions that market participants would use to price the asset or liability based on the best available information.

The following table presents the Company's assets measured at fair value on a recurring basis at August 31, 2014, and the Company presents these assets by security type and description on its Schedule of Investments. Note that the valuation levels below are not necessarily an indication of the risk or liquidity associated with the underlying investment.

| | Total | Quoted Prices in Active Markets (Level 1) | Prices with Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
|--|-------|--|--|-------------------------------------|
|--|-------|--|--|-------------------------------------|

Assets at Fair Value

| | | | | |
|--------------------|--------------|--------------|----|------------|
| Equity investments | \$ 8,188,590 | \$ 7,963,246 | \$ | \$ 225,344 |
|--------------------|--------------|--------------|----|------------|

The Company did not have any liabilities that were measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at August 31, 2014. For the nine months ended August 31, 2014, there were no transfers between Level 1 and Level 2.

The following table presents the Company's assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine months ended August 31, 2014.

| | Equity Investments |
|--------------------------------|-----------------------|
| Balance November 30, 2013 | \$ 167,516 |
| Purchases | |
| Issuances | |
| Transfers out to Level 1 and 2 | |
| Realized gains (losses) | |
| Unrealized gains, net | 57,828 |
| Balance August 31, 2014 | \$ 225,344 |

The \$57,828 of unrealized gains presented in the table above for the nine months ended August 31, 2014 relate to investments that are still held at August 31, 2014.

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As required by the Derivatives and Hedging Topic of the FASB Accounting Standards Codification (ASC 815), the following are the derivative instruments and hedging activities of the Company.

The Company did not have any derivative investments outstanding as of August 31, 2014. The following table sets forth the effect of the Company's derivative instruments.

| Derivatives Not Accounted for as | Location of Gains/(Losses) on | For the Nine Months Ended August 31, 2014 | |
|----------------------------------|----------------------------------|--|--|
| | | Net Realized Gains/(Losses) on Derivatives Recognized in Income | Change in Unrealized Gains/(Losses) on Derivatives Recognized in Income |
| Hedging Instruments | Derivatives Recognized in Income | | |
| Call options written | Options | \$ 1,024 | \$ |
| Interest rate swap contracts | Interest rate swap contracts | (2,045) | |
| | | \$ (1,021) | \$ |

The Company's investments are concentrated in the energy sector. The focus of the Company's portfolio within the energy sector may present more risks than if the Company's portfolio were broadly diversified across numerous sectors of the economy. A downturn in the energy sector would have a larger impact on the Company than on an investment company that does not concentrate in energy. The performance of securities in the energy sector may lag the performance of other industries or the broader market as a whole. Additionally, to the extent that the Company invests a relatively high percentage of its assets in the securities of a limited number of issuers, the Company may be more susceptible than a more widely diversified investment company to any single economic, political or regulatory occurrence. At August 31, 2014, the Company had the following investment concentrations.

| Category | Percent of Long-Term Investments |
|-----------------------------------|--|
| Securities of energy companies | 99.9% |
| Equity securities | 100.0% |
| Securities of MLPs ⁽¹⁾ | 95.3% |
| Largest single issuer | 9.2% |
| Restricted securities | 2.8% |

- (1) Securities of MLPs consist of energy-related partnerships and their affiliates (including affiliates of MLPs that own general partner interests or, in some cases subordinated units, registered or unregistered common units, or other limited partner units in a MLP) and partnerships that elected to be taxed as a corporation for federal income tax purposes.

Securities valuation policies and other investment related disclosures are hereby incorporated by reference to the Company's semi-annual report previously filed with the Securities and Exchange Commission on form N-CSR on July 30, 2014 with a file number 811-21593.

Other information regarding the Company is available in the Company's most recent annual report. This information is also available on the Company's website at www.kaynefunds.com; or on the website of the Securities and Exchange Commission, www.sec.gov.

Item 2: Controls and Procedures.

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(a) As of a date within 90 days of the filing date of this report, the principal executive officer and the principal financial officer concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "Act")) were effective based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the Act and Rule 13a-15(b) or 15d-15(b) under the Securities and Exchange Act of 1934, as amended.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3: Exhibits.

The certifications for the principal executive officer and the principal financial officer of the registrant as required by Rule 30a-2(a) under the Act are exhibits to this report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KAYNE ANDERSON MLP INVESTMENT
COMPANY

/s/ KEVIN S. McCARTHY
Name: Kevin S. McCarthy

Title: Chairman of the Board of Directors,
President and Chief Executive Officer

Date: October 30, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ KEVIN S. McCARTHY
Name: Kevin S. McCarthy

Title: Chairman of the Board of Directors,
President and Chief Executive Officer

Date: October 30, 2014

/s/ TERRY A. HART
Name: Terry A. Hart

Title: Chief Financial Officer and Treasurer
Date: October 30, 2014