

# Infrastructure

QUARTERLY REPORT 3Q 2025

**OUR INFRASTRUCTURE PORTFOLIO RECORDED** positive performance for the third quarter in a row and outperformed its benchmark. However, the infrastructure space as a whole failed to keep pace with the broad market, which benefited from artificial intelligence (AI) enthusiasm and expectations of further monetary easing.

Within our Infrastructure portfolio, performance ran counter to broad market trends as the highest yielding positions outperformed, and the highest growth positions underperformed. Utilities led the portfolio, benefitting from idiosyncratic events like positive regulatory results, legal rulings, asset sales, and data center opportunities. Midstream energy also outperformed, led by more defensive names as natural gas positions took a breather. Cell towers lagged the portfolio on lower growth expectations and EchoStar's (not held) spectrum sales.

## Looking Ahead

AI remains in the spotlight as major tech companies invest billions in data center infrastructure and sign agreements to secure reliable energy. Recent AI advancements have largely been driven by scaling up computational power and model sizes, which demands greater energy consumption. This is especially true for "Frontier AI Models", such as GPT-5, Gemini 2.5, and Llama 4, which are trained using high levels of computational power and energy to match or exceed the capabilities of advanced AI models at the time of their release.

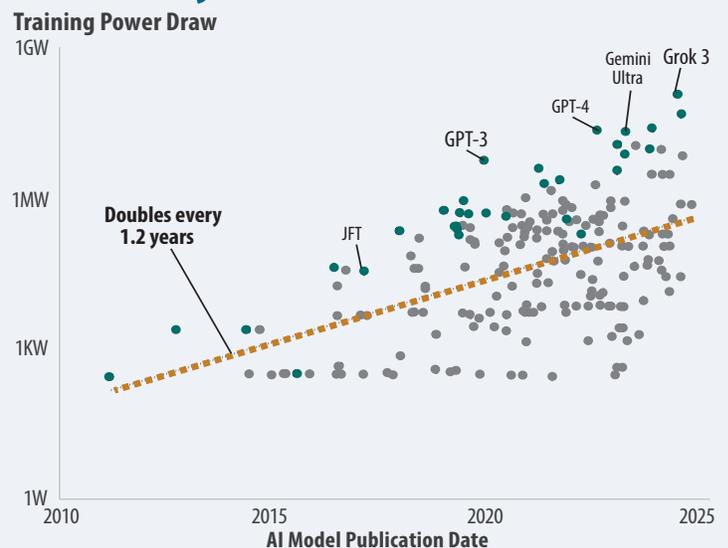
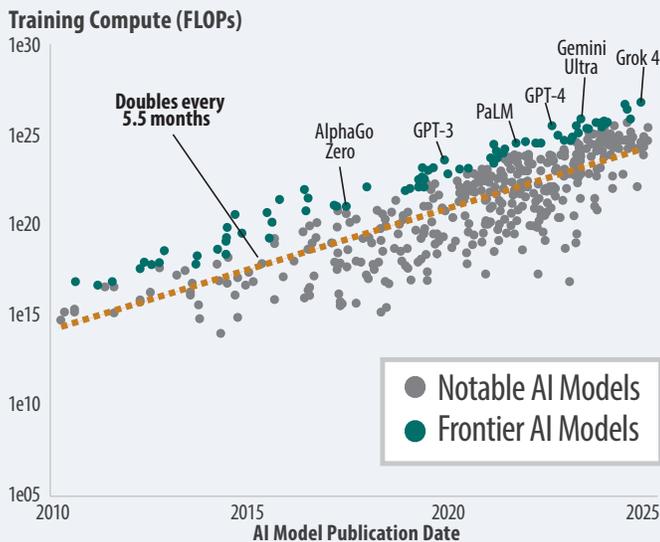
## Portfolio Highlights

- Dividend increases:** This quarter, 2 of our 35 holdings announced dividend increases with an average increase of 9.5% year-over-year.
- New position:** We initiated a position in **Crown Castle (CCI)** and expect the company's operating leverage to amplify US data demand tailwinds. Recent portfolio restructuring provides the company with relative advantages over cell tower peers.
- Exiting position:** We exited **Comcast (CMCSA)** with the expectation that broadband growth will face continued challenges from fiber and fixed wireless trends.

AI training has required increasingly more computational power and energy, with usage of each doubling every ~5.5 months and ~1.2 years, respectively. It seems logical that this trend will continue for the next generation of AI models.

Our Infrastructure portfolio remains well positioned to benefit from these trends and others with broad-based exposure across multiple sectors. We expect utilities to benefit from regulated power generation and transmission projects, independent power producers to benefit from tighter power markets, and midstream to benefit from higher natural gas volumes. Overall, we expect these tailwinds to enhance the portfolio's ability to provide a high and rising income stream for investors.

## AI Training Requires Increasing Computational Power & Electricity



As of September 30, 2025. Sources: Epoch AI, "Data on AI Models"; Miller/Howard Research & Analysis. "Training Power Draw" is the total power draw required to train a machine learning model. "Training Compute" is the number of total floating-point operations (FLOPs) needed to train a machine learning model. "Notable AI Models" are defined by Epoch AI as models that meet any of the following criteria: (i) state-of-the-art improvement on a recognized benchmark; (ii) highly cited (over 1000 citations); (iii) historical relevance; (iv) significant use. "Frontier AI Models" are defined by Epoch AI as models that were in the top 10 by training compute at the time of their release. Data displayed in a log scale.

## Infrastructure: Essential Service Providers with High Barriers to Entry

- Our Infrastructure portfolio offers a high dividend yield that is over 2.5x the yield on the S&P 500 Index, strong prospects for dividend growth, and ample dividend coverage.
- The portfolio offers overall client portfolio diversification, as its active share relative to the S&P 500 is high and investors are under-exposed to these stocks through the broad market, as evidenced by low common holdings.
- In an uncertain market environment, we believe lower beta, high current income, and growth of income will prove to be an advantageous combination for investors.

### Miller/Howard's Infrastructure Portfolio

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	3Q25
Infrastructure Yield	2.9	3.1	3.8	3.7	3.8	4.4	3.9	3.5	3.0	3.6	3.9	3.3	3.0
S&P 500 Index Yield	1.9	2.0	2.2	2.1	1.9	2.2	1.9	1.5	1.5	1.8	1.5	1.3	1.2
Ratio	1.5x	1.6x	1.8x	1.8x	2.0x	2.1x	2.1x	2.3x	1.9x	2.0x	2.6x	2.5x	2.6x
Infrastructure Projected Dividend Growth*	7.6	7.8	5.9	6.9	8.2	7.5	6.5	6.0	8.3	7.2	6.2	6.1	5.5
S&P 500 Index Projected Dividend Growth**	5.9	4.7	4.2	4.0	4.2	5.2	4.2	3.3	5.9	4.8	4.5	5.3	4.9
Ratio	1.3x	1.7x	1.4x	1.7x	2.0x	1.4x	1.6x	1.8x	1.4x	1.5x	1.4x	1.2x	1.1x
Infrastructure Dividend Coverage Ratio	2.5x	2.5x	1.9x	1.6x	1.4x	1.6x	1.5x	1.9x	1.9x	3.4x	2.8x	2.9x	2.0x
Infrastructure Beta (3-Year Rolling) <sup>†</sup>	0.8	0.8	0.9	0.8	0.8	0.7	0.8	0.9	0.9	0.9	0.8	0.8	0.7
Common Holdings with S&P 500 Index <sup>††</sup>	5.7	5.5	3.9	4.9	4.4	5.4	4.6	4.2	3.3	3.5	3.5	3.4	3.2
Active Share vs S&P 500 Index <sup>††</sup>	94.3	94.4	95.9	95.0	95.5	94.5	95.3	95.9	96.7	96.5	96.6	96.5	96.8

As of September 30, 2025.

Sources: Bloomberg; S&P; Miller/Howard Research & Analysis.

All data are as of year-end, unless otherwise noted. Holdings based on a representative account in our Infrastructure portfolio, and are subject to change.

Dividend yields shown for Miller/Howard portfolios exclude cash.

Performance characteristics, such as dividend yield, are calculated without the deduction of fees and expenses.

\*Miller/Howard's 3-year annualized projected dividend growth, adjusted to reflect our view of future economic and market conditions. There is no assurance projections will be realized.

\*\* Bloomberg Dividend per Share 3-year forward estimates.

† Vs. S&P 500 Index

†† The percentage of assets for the S&P 500 Index that are held in common with the Miller/Howard Infrastructure portfolio, as a percentage of S&P 500's market value. Active share is a measure of the differentiation of the holdings of a portfolio from the holdings of an index.

# Infrastructure Leaders and Laggards

QUARTERLY REPORT 3Q 2025

## LEADERS ◊

**Enbridge:** ENB now expects to be toward the high end of its guidance range and announced several new natural gas projects.

**Entergy:** 2Q earnings topped expectations. The company increased its capital plan and raised its long-term EPS guidance.

**Sempra:** Sold a 45% interest in its infrastructure platform, simplifying the business and funding utility growth. The company also reached a final investment decision (FID) on its Port Arthur LNG Phase 2 project. SRE affirmed guidance at the high end or above projected EPS CAGR of 7%-9% for 2025-2029.

**TC Energy:** Guidance nudged higher; several new natural gas projects announced.

**PPL Corp:** Announced a joint venture with Blackstone to build, own, and operate natural gas generation assets for data centers under long-term contracts in the PJM Interconnection (a regional transmission organization).

## LAGGARDS ◊

**American Tower:** Cell towers lagged the portfolio due to lower growth expectations and EchoStar's spectrum sales.

**Crown Castle:** Cell towers lagged the portfolio due to lower growth expectations and EchoStar's spectrum sales.

**United Parcel Service:** UPS reported in line 1Q earnings, but commentary around 3Q margins pressured the name.

**ONEOK:** Results in line, but some doubts remain around if the company can meet its guidance due to weak NGL fundamentals.

**Kinder Morgan:** A competitor announced a final investment decision on a natural gas pipeline, effectively blocking KMI out of a material growth opportunity. 2Q results were in line with expectations and KMI added \$1.3B in new projects to its backlog.

◊ By contribution to return. To obtain our methodology for calculating the best- and worst-performing securities, as well as a list of the contribution to performance of each security listed, please call us at 845.679.9166. The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients. This list is not a recommendation to buy, sell, or hold these securities.

Miller/Howard Investments Inc. is an independent, research-driven investment boutique with over three decades of experience managing portfolios for major institutions, mutual funds, and individuals in dividend-focused investment strategies. The firm is 100% employee-owned through an Employee Stock Ownership Plan (ESOP).

We continue to evolve and develop strategies that strive to provide investors with various levels of current income and dividend growth. Our objectives are to generate total returns in line with the broad equity market and provide a high and rising stream of income with the lower volatility that an investor might seek from bonds or other income alternatives. With a primary goal of reliable income and long-term returns, coupled with a belief that investors can play an important role in securing a sustainable future, our shareholder advocacy efforts include environmental, social, and governance (ESG) research and/or screening, direct engagement with companies, filing shareholder resolutions, proxy voting, coalition building, and public policy involvement.

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## ANNUALIZED PERFORMANCE

	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
Income-Equity (Gross)	6.15	11.85	12.61	18.44	16.24	10.68	10.83
Income-Equity (Pro Forma 0.75% Net)*	5.96	11.23	11.78	17.56	15.38	9.86	10.01
Income-Equity (Pro Forma 3% Net)*	5.37	9.38	9.31	14.98	12.84	7.43	7.57
Russell 1000 Index	7.99	14.60	17.75	24.64	15.99	14.18	15.04
Russell 1000 Value Index	5.33	11.65	9.44	16.96	13.88	9.53	10.72

## ANNUALIZED PERFORMANCE

	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
Income-Equity (No MLPs) (Gross)	6.71	12.46	11.70	17.81	15.68	10.41	11.00
Income-Equity (No MLPs) (Pro Forma 0.75% Net)*	6.51	11.83	10.87	16.94	14.83	9.59	10.17
Income-Equity (No MLPs) (Pro Forma 3% Net)*	5.92	9.98	8.42	14.37	12.30	7.17	7.74
Russell 1000 Index	7.99	14.60	17.75	24.64	15.99	14.18	15.04
Russell 1000 Value Index	5.33	11.65	9.44	16.96	13.88	9.53	10.72

## ANNUALIZED PERFORMANCE

	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
MLP & Midstream Energy Income (Gross)	(1.68)	4.64	13.40	24.79	33.05	11.30	8.36
MLP & Midstream Energy Income (Pro Forma 0.75% Net)*	(1.87)	4.06	12.59	23.87	32.07	10.47	7.56
MLP & Midstream Energy Income (Pro Forma 3% Net)*	(2.42)	2.32	10.07	21.16	29.19	8.02	5.17
Alerian MLP Index	(1.22)	5.75	10.97	22.39	32.26	9.77	8.14

## ANNUALIZED PERFORMANCE

	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
Infrastructure (Gross)	3.55	12.63	12.55	14.68	14.42	10.24	10.59
Infrastructure (Pro Forma 0.75% Net)*	3.36	12.00	11.71	13.83	13.57	9.42	9.77
Infrastructure (Pro Forma 3% Net)*	2.78	10.15	9.25	11.32	11.07	7.00	7.34
Dow Jones Brookfield Global Infrastructure Index	1.69	14.05	10.51	12.82	9.49	7.44	7.42

## ANNUALIZED PERFORMANCE

	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
North American Energy (without K-1s)(Gross)	5.64	5.62	8.20	14.00	30.22	12.82	12.19
North American Energy (w/o K-1s)(Pro Forma Net 0.75%)*	5.45	5.03	7.39	13.15	29.27	11.99	11.36
North American Energy (w/o K-1s)(Pro Forma Net 3%)*	4.86	3.28	5.01	10.65	26.44	9.51	8.89
S&P 1500 Energy Index	6.18	5.96	4.63	10.88	29.50	6.37	7.57

## ANNUALIZED PERFORMANCE

	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
Utilities Plus (Gross)	8.01	17.67	14.81	16.61	13.94	11.40	11.80
Utilities Plus(Pro Forma Net 0.75%)*	7.81	17.02	13.96	15.75	13.10	10.57	10.97
Utilities Plus(Pro Forma Net 3%)*	7.22	15.09	11.45	13.20	10.60	8.13	8.52
S&P 500 Utilities Index	7.57	17.69	11.20	13.61	11.44	11.00	10.88

As of September 30, 2025. Source: Morningstar Direct. Parentheses represent negative performance data. Results are shown in US dollars. Past performance is not indicative of future results.

\*Pro Forma 0.75% net returns are a simulation using a 0.75% annual fee, deducted monthly. Pro Forma 3% net returns are a simulation of the effects of a bundled annual fee of 3%, deducted monthly, which would include advisor and consultant's fees, transactions costs, and maintenance fees. MHI's highest annual management fee as stated incur ADV is 0.75%.

Note: Investment returns include the reinvestment of dividends and other income. The Dow Jones index is net of dividend withholding taxes.

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**DEFINITIONS: High-Yield Stocks** reflects a basket of the total returns for deciles 7, 8, & 9 as provided by Fama/French (value-weighted). **Inflation** is the year-over-year change of the Consumer Price Index for All Urban Consumers (CPI Index). **Free Cash Flow Margin** is free cash flow (defined as cash flow from operations minus capital expenditure) divided by revenue. **Price-Earnings Ratio (P/E)**—The ratio of a company's share price to its earnings per share. The ratio is used as a valuation tool and can help determine whether a company is overvalued or undervalued. **EBITDA** = earnings before interest, taxes, depreciation, and amortization. **MLP** = Master Limited Partnership. **S&P 500 Index**\* widely regarded as the best single gauge of large-cap US equities and serves as the foundation for a wide range of investment products. The Index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. **Russell 1000 Index**\* measures the performance of the large-cap segment of the US equity universe. It is a subset of the Russell 3000 Index\* and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 Index\* represents approximately 92% of market capitalization of the US market. **Russell 1000 Value Index** offers investors access to the broad value segment of US equity value universe and is constructed to provide a comprehensive and unbiased barometer of the broad value market.

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