Infrastructure

QUARTERLY REPORT 2Q 2026

DESPITE A WEAK QUARTER, MILLER/HOWARD Infrastructure maintained its year-to-date outperformance of the broad market. Our energy holdings outpaced energy indices as our avoidance of direct commodity price exposure paid off in a falling oil price environment. Our transportation names benefitted from falling fuel prices and, seemingly, the end of the 3-year-long freight recession. Our utility holdings were slightly down as investors juggled the competing themes of increased power needs from AI data centers with fears that bill pressure may result in a tougher regulatory environment.

Looking Ahead

SpaceX's (SPCX, not held) IPO put a bold vision on record: orbital data centers, satellite connectivity, and a multi-trillion-dollar addressable market. Several clients have asked whether this threatens the infrastructure businesses we own. Our view is that the headlines are larger than the near-term reality, and the assets at the core of this portfolio remain well protected by the barriers to entry that drew us to them.

In which infrastructure industries do we see genuine, if modest, risk? In telecom, Starlink's direct-to-cell service may prove a real competitor at the rural and emergency edge—though dense-market networks are not substitutable from orbit with today's technologies. In data center REITs, SpaceX's orbital compute ambition—dated 2028 at the earliest and limited to specialized AI workloads—warrants monitoring. We see a small amount of long-term risk in both, but not a near-term threat.

While SpaceX proposes possible 2028 launches for the first orbital data centers, we view cost-competitive space-based data centers as highly unlikely in the next 10 years. If all of the economic/technical questions can be addressed, the answers may come after the largest portion of the terrestrial data center build-out is complete. We see this as quite unlikely to result in stranded assets or slower growth in our midstream and utility businesses. Rate base, rights-of-way, long-term contracts, and physical networks are not disrupted by satellites. We are monitoring industry developments closely, both around potential competition and emerging signs of regulatory and community opposition to new data center development in some jurisdictions.

We invest deliberately in high-quality companies with durable competitive moats—precisely the characteristics that withstand speculative, capital-intensive, decade-out competition. We remain confident in the resilience of the portfolio and its ability to deliver high and rising income for clients.

SpaceX Poses Limited Risks to Infrastructure Industries

Infrastructure Industry	Short 0-3Y	Med 3-7Y	Long 7Y*
Telecom/Towers: Direct-to-cell at rural/emergency edge; broadband alternative; towers at margin	Low	Low	Mod
Data Center REITs: Orbital data centers compete for AI workloads from ~2028	None	Low	Mod
Electric/Gas Utilities: Lower long-term growth from reduction in terrestrial data center power demand	None	None	Low
Midstream Energy: Lower long-term growth from reduction in terrestrial data center power demand	None	None	Low
Transportation: No risk identified	None	None	None
Waste Management: No risk identified	None	None	None

As of June 30, 2026. Source: Miller/Howard Research & Analysis. None=no identified channel of risk. Low=very unlikely displacement on this horizon. Moderate=a possible risk assuming major technological progress. Elevated=likely chance of industry disruption. SpaceX is not held in any Miller/Howard portfolios.

Portfolio Highlights

- **Dividend increases:** This quarter, 3 of our 36 holdings announced dividend increases with an average increase of 4.6% year-over-year.
- **Exiting positions:** We exited our position in **United Parcel Service (UPS)** after a run of poor execution by management and increasing competition from Amazon (AMZN, not held). We also exited **FedEx Freight (FDXF)** soon after its spin-off from **FedEx (FDX)** to reallocate capital back to FDX.
- **New positions:** We expect **HCA Healthcare (HCA)** to benefit from its local dominance and scale, with recent weakness creating an attractive entry point. We initiated a position in **SunocoCorp (SUNC)**, as our research suggests it can be a beneficiary of the current oil price environment and has opportunities to consolidate the gasoline distribution industry for further growth.

Infrastructure: Essential Service Providers with High Barriers to Entry

- Our Infrastructure portfolio offers a high dividend yield that is 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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2Q2026
Infrastructure Yield	3.1	3.8	3.7	3.8	4.4	3.9	3.5	3.0	3.6	3.9	3.3	3.2	2.8
S&P 500 Index Yield	2.0	2.2	2.1	1.9	2.2	1.9	1.5	1.5	1.8	1.5	1.3	1.2	1.1
Ratio	1.6x	1.8x	1.8x	2.0x	2.1x	2.1x	2.3x	1.9x	2.0x	2.6x	2.5x	2.7x	2.5x
Infrastructure Projected Dividend Growth*	7.8	5.9	6.9	8.2	7.5	6.5	6.0	8.3	7.2	6.2	6.1	5.7	5.5
S&P 500 Index Projected Dividend Growth**	4.7	4.2	4.0	4.2	5.2	4.2	3.3	5.9	4.8	4.5	5.3	5.1	6.8
Ratio	1.7x	1.4x	1.7x	2.0x	1.4x	1.6x	1.8x	1.4x	1.5x	1.4x	1.2x	1.1x	0.8x
Infrastructure Dividend Coverage Ratio	2.5x	1.9x	1.6x	1.4x	1.6x	1.5x	1.9x	1.9x	3.4x	2.8x	2.9x	2.0x	2.2x
Infrastructure Beta (3-Year Rolling)†	0.8	0.9	0.8	0.8	0.7	0.8	0.9	0.9	0.9	0.8	0.8	0.6	0.4
Common Holdings with S&P 500 Index††	5.5	3.9	4.9	4.4	5.4	4.6	4.2	3.3	3.5	3.5	3.4	3.0	2.9
Active Share vs S&P 500 Index††	94.4	95.9	95.0	95.5	94.5	95.3	95.9	96.7	96.5	96.6	96.5	97.0	97.1

As of June 30, 2026.
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 are indicated; 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

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LEADERS ◊

CSX Corp: 1Q earnings topped expectations as revenue and margins inflected. CSX is now tracking the high end of its margin improvement guidance. Pricing is expected to improve due in part to rising truck load spot rates.

Targa Resources: TRGP increased 2026 EBITDA guidance on strong sequential volume growth.

Union Pacific: 1Q earnings came in slightly above expectations as revenue and margins increased Y/Y. Total revenue per carload continued its recent momentum.

TC Energy: 1Q results were largely in line, and the company reaffirmed 2026-2028 guidance. TRP announced a ~$1.5B Appalachian supply project.

Equinix: EQIX raised 2026 guidance across the board (revenue, EBITDA, AFFO). The company's interconnection business is benefitting from AI-linked demand.

◊ 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.

LAGGARDS ◊

AT&T: While 1Q results were in line, rising postpaid phone churn weighed on the name. Investors also expressed concern that low earth orbit (LEO) satellites (Starlink) posed a long-term competitive threat.

T-Mobile: 1Q net adds topped consensus. Investors expressed concern that LEO satellites (Starlink) posed a long-term competitive threat and that a merger with Deutsche Telekom would expose investors to international operations.

Cheniere Energy: The stock declined later in the quarter, as momentum from the war in Iran trade reversed.

Constellation Energy: 1Q earnings beat consensus. CEG lagged amid regulatory/political uncertainty and investor caution around the release of locked-up shares related to the Calpine acquisition. Management reiterated confidence in its 20%+ EPS growth guidance through 2029.

Kinder Morgan: Earnings were above consensus, as we await further data center announcements.

For more information and to request materials: Visit www.mhinvest.com or contact our Internal Sales Desk: Email internals@mhinvest.com / Call (845) 679-9166 **To receive the current ADV Part 2A free of charge:** Email compliance@mhinvest.com / Call (845) 679-9166

Miller/Howard Investments

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Notification to Clients: Contact your Advisor with any material changes to your financial profile that would impact your appropriateness for investment.