

4Q23 Midstream/MLP Dividend Recap: Growth Continued

February 2024

Summary

- Energy infrastructure companies continued to grow dividend payouts in 4Q23, underpinning the healthy yields offered by midstream/MLPs.
- On a year-over-year basis, 82.3% of the Alerian MLP ETF (AMLP) and 89.4% of the Alerian Energy Infrastructure ETF (ENFR) by weighting have grown their payouts.
- Dividend growth is expected to continue, enhancing healthy yields and adding to total return.

Midstream MLPs and C-Corps have been able to provide attractive yields in recent years that are above comparable income investments. The midstream space has benefited from fee-based business models and has been generating significant free cash flow that has facilitated return of cash to investors. Companies have been growing dividends and importantly there have been no dividend cuts for AMLP or ENFR since July 2021. This piece provides a recap of 4Q23 dividend announcements, examines current yields and looks at future dividend growth in the midstream/MLP space.

4Q23 Sequential Dividend Growth: MLPs and C-Corps Keep Pace

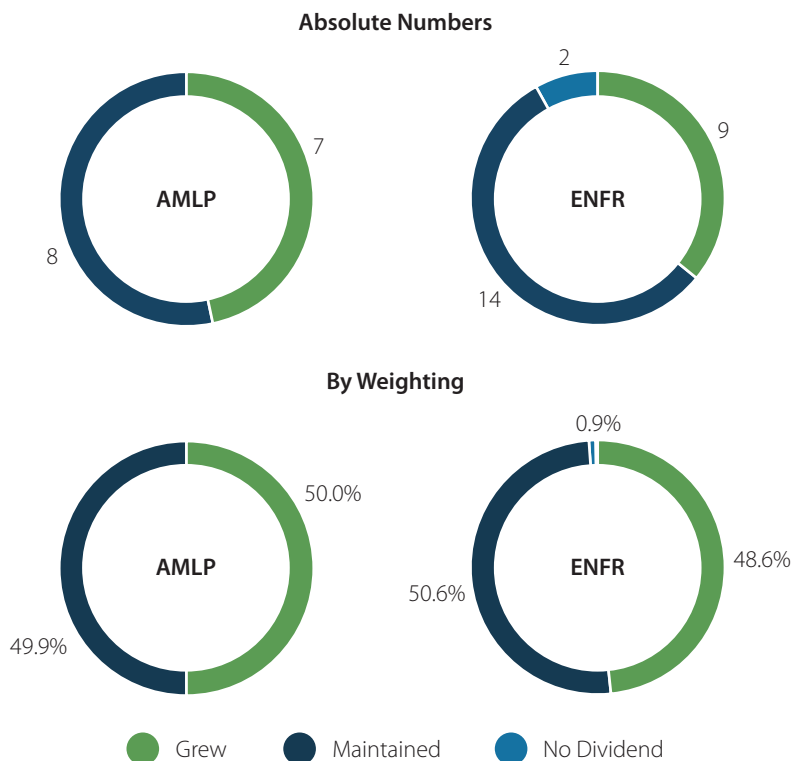
Exiting 4Q23 earnings season, 50.0% of AMLP and 48.6% of ENFR by weighting as of February 22nd raised dividend payouts sequentially. Plains All American (PAA/PAGP) raised its payout by 18.7%, the largest increase recorded in 4Q23.

C-Corp Williams Companies (WMB) rose the second highest, it increased its dividend by 6.15% while EnLink Midstream (ENLC) increased its distribution by 6.0%. Canadian C-Corp Gibson Energy (GEI CN) increased its dividend by 5.15%, the third-largest increase among AMLP and ENFR holdings.

The remaining AMLP and ENFR holdings grew distributions more modestly. US C-Corp ONEOK (OKE) increased its payout by 3.7%, while Canadian C-Corp Enbridge (ENB CN) raised its dividend by 3.1%. Bellwether MLP Enterprise Products Partners (EPD) increased its distribution by 3.0%.

The pie charts below show quarter-over-quarter changes to dividends for AMLP and ENFR by comparing 4Q23 payouts to those made for 3Q23. To be clear, 4Q23 dividends refer to dividends paid in 1Q24 based on operational performance in 4Q23.

4Q23 Q/Q Dividend Comparison: C-Corps and MLPs Keep Pace



Weightings as of 2/22/2024

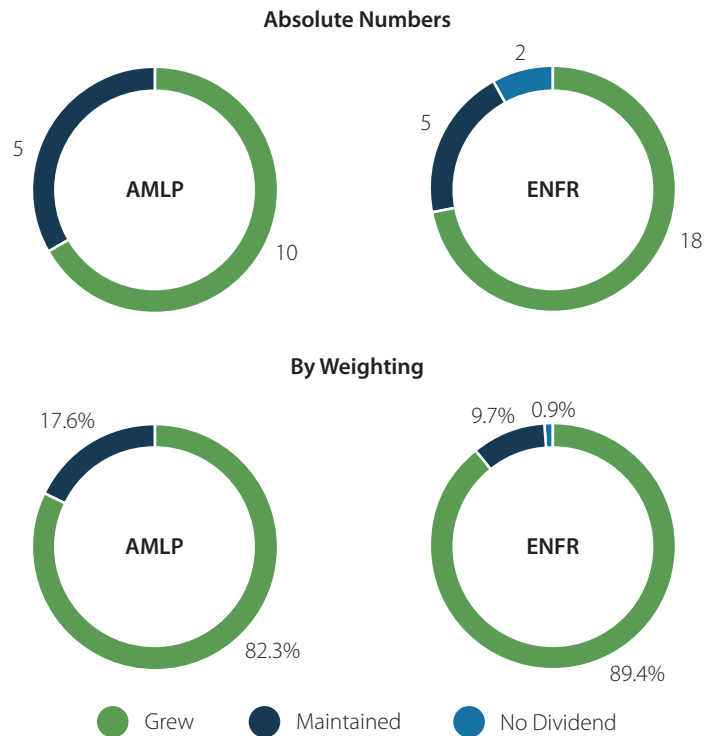
4Q23 dividends refer to dividends paid in 1Q24 for 4Q23 performance.

Source: SS&C ALPS Advisors, Company Reports, as of 2/22/2024

Most Companies Have Increased Dividends Over the Last Year

On a year-over-year basis, there is a clear bias towards dividend growth, particularly when looking at the data by weighting. 82.3% of AMLP and 89.4% of ENFR by weighting as of February 22nd have grown their payouts over the past year. While dividend growth tends to be more common for larger companies with higher weightings in these indexes, more constituents have grown their payouts than maintained.

4Q23 Y/Y Dividend Comparison: Most Midstream MLPs and C-Corps Have Raised Payouts

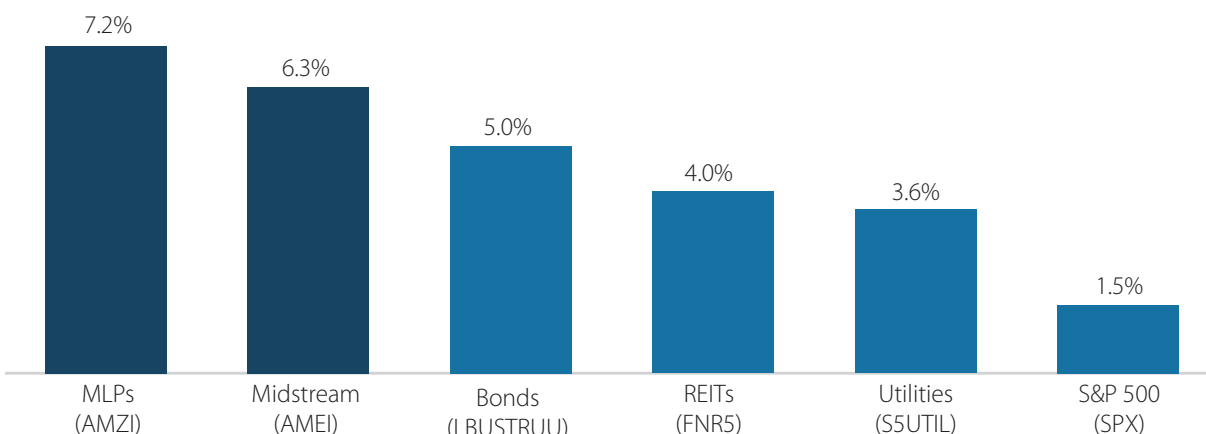


Weightings as of 2/22/2024
 4Q23 dividends refer to dividends paid in 1Q24 for 4Q23 performance.
 Source: SS&C ALPS Advisors, Company Reports, as of 2/22/2024

Compelling Yields for Midstream/MLPs Enhanced by Dividend Growth

Midstream/MLPs have typically offered generous yields relative to other income investments, which has continued into 2024, as shown in the chart on the following page. Even as interest rates rose, midstream/MLPs consistently offered higher yields than bonds and importantly, energy infrastructure yields aren't tied to interest rate moves. If interest rates fall in 2024 as is widely expected, midstream/MLP yields could be even more favorable relative to other income investments.

Midstream/MLP Yields Remain Generous Relative to Other Investments



Bonds are represented by the Bloomberg US Aggregate Bond Index. Utilities are represented by the S&P 500 Utilities Sector Index. REITs are represented by the FTSE NAREIT Real Estate 50 Index.

Source: VettaFi, Bloomberg, as of 2/22/2024

More Dividend Growth on the Horizon

The long-term outlook for midstream/MLP dividend growth is constructive, and a handful of companies have provided guidance for dividend growth in 2024 and beyond. Western Midstream (WES), for example, announced it plans to recommend a 52% increase to its base distribution for 1Q24 in its 2024 guidance. Targa Resources (TRGP) reiterated its intention to recommend a 50% increase to its dividend for 1Q24 in its 4Q23 dividend announcement. DT Midstream (DTM) also announced a dividend increase of 7% for 1Q24 in its 4Q23 earnings release.

HESM has provided long-term guidance for distribution growth, targeting at least 5% annual growth through 2026. TC Energy (TRP CN) also has a long-term dividend growth target of 3-5%. These are just a few examples of the companies with guidance, and more names are expected to grow their payouts even if explicit targets have not been provided. Midstream/MLP investors can expect continued positive momentum in midstream/MLP dividend growth.

Bottom Line

Energy infrastructure companies continued to grow dividends in 2023 and are on track to continue growing payouts even beyond 2024. Dividend growth supports midstream yields which have remained favorable relative to other income investments.

Alerian MLP ETF (AMLPL) Performance

Total Returns	Cumulative as of 1/31/2024				Annualized as of 12/31/2023				
	1 M	3 M	YTD	SI [*]	1 Y	3 Y	5 Y	10 Y	SI [*]
NAV (Net Asset Value)	4.51%	8.14%	4.51%	64.64%	21.39%	28.44%	8.66%	0.86%	3.46%
Market Price	4.61%	8.29%	4.61%	64.71%	21.37%	28.42%	8.67%	0.85%	3.46%
Alerian MLP Infrastructure Index - TR	4.37%	7.82%	4.37%	120.78%	23.76%	31.84%	10.87%	1.61%	5.77%
Alerian MLP Index - TR	4.43%	9.17%	4.43%	121.08%	26.56%	32.43%	12.03%	1.90%	5.78%

Performance data quoted represents past performance. Past performance is no guarantee of future results so that shares, when redeemed, may be worth more or less than their original cost. The investment return and principal value will fluctuate. Current performance may be higher or lower than the performance quoted. For current month-end performance call 1-866-759-5679 or visit www.alpsfunds.com. Performance includes reinvested distributions and capital gains.

Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

* Fund inception date: 8/24/2010

Total Operating Expenses: **0.85%**

Alerian Energy Infrastructure ETF (ENFR) Performance

Total Returns	Cumulative as of 1/31/2024				Annualized as of 12/31/2023				
	1 M	3 M	YTD	SI [^]	1 Y	3 Y	5 Y	10 Y	SI [^]
NAV (Net Asset Value)	0.61%	6.88%	0.61%	48.66%	15.05%	23.87%	11.76%	3.62%	3.91%
Market Price	0.56%	6.93%	0.56%	48.66%	15.37%	23.88%	11.79%	3.60%	3.92%
Alerian Midstream Energy Select Index - TR	0.67%	7.15%	0.67%	61.96%	15.79%	24.76%	12.71%	4.49%	4.79%
Alerian MLP Index - TR	4.43%	9.17%	4.43%	29.29%	26.56%	32.43%	12.03%	1.90%	2.12%

Performance data quoted represents past performance. Past performance is no guarantee of future results so that shares, when redeemed, may be worth more or less than their original cost. The investment return and principal value will fluctuate. Current performance may be higher or lower than the performance quoted. For current month-end performance call 1-866-759-5679 or visit www.alpsfunds.com. Performance includes reinvested distributions and capital gains.

Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

[^] Fund inception date: 10/31/2013

Total Operating Expenses: **0.35%**

Important Disclosures & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus containing this and other information, call 1-866-759-5679 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemable.

Performance data quoted represents past performance. Past performance is no guarantee of future results; current performance may be higher or lower than performance quoted.

All investments are subject to risks, including the loss of money and the possible loss of the entire principal amount invested. Additional information regarding the risks of this investment is available in the prospectus.

Investments in securities of Master Limited Partnerships (MLPs) involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs.

A portion of the benefits you are expected to derive from the Funds' investment in MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the Funds' ability to meet their investment objectives and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment in the Funds.

The Funds invest primarily in a particular sector and could experience greater volatility than a fund investing in a broader range of industries.

The Alerian Energy Infrastructure ETF may be subject to risks relating to its investment in Canadian securities. Because the Fund will invest in securities denominated in foreign currencies and the income received by the Fund will generally be in foreign currency, changes in currency exchange rates may negatively impact the Fund's return.

Investments in the energy infrastructure sector are subject to: reduced volumes of natural gas or other energy commodities available for transporting, processing or storing; changes in the regulatory environment; extreme weather and; rising interest rates which could result in a higher cost of capital and drive investors into other investment opportunities.

The Funds employ a "passive management" - or indexing - investment approach and seek investment results that correspond (before fees and expenses) generally to the performance of their underlying index. Unlike many investment companies, the Funds are not "actively" managed. Therefore, they would not necessarily sell or buy a security unless that security is removed from or added to their underlying index, respectively.

Alerian Midstream Energy Select Index (AMEI): a composite of North American energy infrastructure companies. The capped, float-adjusted, capitalization-weighted index constituents are engaged in midstream activities involving energy commodities.

Alerian MLP Index (AMZ): the leading gauge of energy infrastructure MLPs. The capped, float-adjusted, capitalization-weighted index constituents earn the majority of their cash flow from midstream activities involving energy commodities.

Alerian MLP Infrastructure Index (AMZI): a composite of energy infrastructure MLPs. The capped, float-adjusted, capitalization-weighted index constituents earn the majority of their cash flow from midstream activities involving energy commodities.

Bloomberg US Aggregate Bond Index: a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, fixed-rate agency MBS, ABS and CMBS (agency and non-agency).

FTSE NAREIT Real Estate 50 Index: consists of the largest 50 eligible real estate investment trusts (REITs) within the FTSE NAREIT Composite Index when ranked by full equity market capitalization.

S&P 500 Index: widely regarded as the best single gauge of large-cap US equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

S&P 500 Utilities Sector Index: a capitalization-weighted index designed to replicate performance of the Utilities Sector of the S&P 500.

One may not invest directly in an index.

ALPS Advisors, Inc., registered investment adviser with the SEC, is the investment adviser to the Funds. ALPS Advisors, Inc. and ALPS Portfolio Solutions Distributor, Inc., affiliated entities, are unaffiliated with VettaFi and the Alerian Index Series.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the Funds.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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