Summary

• Strong dividend growth trends for energy infrastructure companies continued in 3Q23, underpinning the healthy yields offered by midstream/MLPs.

• On a year-over-year basis, 79.2% of the Alerian MLP ETF (AMLP) and 89.9% 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.

Yields in the midstream/MLP space have likely been attractive to investors looking for income. Importantly, these yields are bolstered by strong dividend growth trends, as midstream/MLPs prioritize returning excess cash flow to investors. Dividend growth continued for 3Q23, mostly driven by MLPs, though a corporation had the largest sequential increase. Importantly, there has not been a dividend cut for an AMLP or ENFR holding since July 2021. This piece recaps 3Q23 dividend announcements, examines current yields and discusses the constructive outlook for growing payouts.

3Q23 Dividends: MLPs Again Drive Quarterly Growth

With a handful of MLPs growing their payouts each quarter, MLPs dominated sequential dividend growth for 3Q23. However, C-Corp Cheniere Energy (LNG) saw the highest dividend growth for 3Q23, announcing a 10.1% increase to $0.435 per share per quarter consistent with its “20/20 Vision” long-term capital allocation plan.

Among MLPs, MPLX (MPLX) saw the greatest distribution growth, having increased its quarterly payout by 9.7% to $0.85 per unit in a widely anticipated hike. Western Midstream (WES) increased its base distribution by 2.2% in 3Q23 to $0.5750 in conjunction with its acquisition of Meritage Midstream. This follows a 12.5% increase to WES’s distribution for the previous quarter.

The remaining names grew distributions more modestly, which aligns with their pattern of growing payouts each quarter. Hess Midstream (HESM) grew its distribution by 2.7%, while Delek Logistics (DKL) grew its payout by 1%. Energy Transfer (ET) raised its distribution by 0.8% as it continues to target 3-5% annual distribution growth.

The pie charts below show quarter-over-quarter changes to dividends for AMLP and ENFR by comparing 3Q23 payouts to those made for 2Q23. To be clear, 3Q23 dividends refer to dividends paid in 4Q23 based on operational performance in 3Q23.

Weightings as of 10/31/2023
3Q23 dividends refer to dividends paid in 4Q23 for 3Q23 performance.
Source: SS&C ALPS Advisors, Company Reports as of 11/7/2023
Most Constituents by Weighting Have Grown Payouts Over the Last Year

While a handful of constituents have increased their payouts sequentially, many companies evaluate dividend growth annually. Therefore, a comparison with dividends from the same quarter a year ago allows for a better view of midstream’s dividend growth trends. Notably, dividend growth has generally outpaced inflation.

Most holdings in AMLP and ENFR have grown their payouts over the last year. For AMLP, 79.2% of the portfolio by weighting increased their payouts year-over-year. For ENFR, which includes corporations and 25% MLPs, 89.9% of the ETF by weighting have grown payouts over the past year.

Growing Payouts Enhance Yields and Total Return

Strong dividend growth adds to midstream’s already healthy yields and enhances total return, as shown in the charts below. Notably, MLPs are handily outperforming the S&P 500, which is up 10.7% on a total-return basis this year through October. As of October 31, the Alerian MLP Infrastructure Index (AMZI), which underlies AMLP, was yielding 8.0%. ENFR’s underlying index, the Alerian Midstream Energy Select Index (AMEI), was yielding 6.5% at the end of October.
Midstream 3Q23 Dividend Recap: MLPs Bring the Growth

Generous Yields Enhance YTD Total Return

Yield as of 10/31/2023

<table>
<thead>
<tr>
<th>AMZI</th>
<th>AMEI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yields (%)</td>
<td>Yields (%)</td>
</tr>
<tr>
<td>8.0%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Price Return</td>
<td>Total Return</td>
</tr>
<tr>
<td>11.2%</td>
<td>2.8%</td>
</tr>
<tr>
<td>19.8%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

Source: VettaFi, as of 10/31/2023

Importantly, dividend growth is expected to continue as companies generate free cash flow and return excess cash to investors. A handful of companies have provided multi-year dividend guidance in capital allocation plans, and some provided dividend outlooks with 3Q results.

As announced in early November, Targa Resources (TRGP) plans to recommend to its Board of Directors a 50% increase to its common dividend for 1Q24 (payable in May 2024). TRGP increased its dividend by 43% earlier this year, with growth coming off a lowered base after a 2020 cut. The corporation aims to provide meaningful annual dividend increases beyond next year.

Also announced with 3Q results in November, management of Plains All American (PAA/PAGP) intends to recommend that its Board approve a $0.20 per unit or 19% increase for the next distribution to be paid in February 2024. This is a step up from prior plans to grow the distribution by $0.15 per unit annually beyond 2023.

While these are just a few examples, the outlook for broader midstream/MLP dividend growth remains strong.

Bottom Line

Midstream companies remain well positioned to grow their payouts, enhancing already generous yields and supporting total return performance.
Alerian MLP ETF (AMLP) Performance

<table>
<thead>
<tr>
<th>Total Returns</th>
<th>Cumulative as of 10/31/2023</th>
<th>Annualized as of 9/30/2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV (Net Asset Value)</td>
<td>-0.38%</td>
<td>24.73%</td>
</tr>
<tr>
<td>Market Price</td>
<td>-0.45%</td>
<td>24.73%</td>
</tr>
<tr>
<td>Alerian MLP Infrastructure Index - TR</td>
<td>-0.30%</td>
<td>32.73%</td>
</tr>
<tr>
<td>Alerian MLP Index - TR</td>
<td>0.42%</td>
<td>32.74%</td>
</tr>
</tbody>
</table>

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.

Total Operating Expenses: **0.85%**

Alerian Energy Infrastructure ETF (ENFR) Performance

<table>
<thead>
<tr>
<th>Total Returns</th>
<th>Cumulative as of 10/31/2023</th>
<th>Annualized as of 9/30/2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV (Net Asset Value)</td>
<td>-0.54%</td>
<td>18.97%</td>
</tr>
<tr>
<td>Market Price</td>
<td>-0.63%</td>
<td>18.72%</td>
</tr>
<tr>
<td>Alerian Midstream Energy Select Index - TR</td>
<td>-0.51%</td>
<td>19.68%</td>
</tr>
<tr>
<td>Alerian MLP Index - TR</td>
<td>0.42%</td>
<td>32.74%</td>
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* 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.

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.

One may not invest directly in an index.

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

ALR001694 2/29/2024