

1Q25 MLPs/Midstream Dividend Recap: Growth Unfazed by Volatility

May 2025

Summary

- Energy infrastructure companies continued to grow their dividends for 1Q25, even amid volatile equity markets and oil price weakness. Most names in the Alerian MLP ETF (AMLP) and Alerian Energy Infrastructure ETF (ENFR) have increased their payouts on a year-over-year basis.
- Dividend growth and a pullback in equity prices has increased MLP/Midstream yields, which could represent an opportunity for income investors.
- Midstream companies are expected to continue executing on dividend growth given fee-based businesses backed by long-term contracts that support stable cash flows.

Even amid market volatility and oil price weakness, midstream MLPs and corporations continued to grow their dividends for the first quarter of 2025. Fee-based businesses backed by long-term contracts support stable cash flows, and throughout earnings season, companies reaffirmed 2025 financial guidance provided previously. Recent weakness in energy equities broadly has led to higher MLP/midstream yields, even as dividend growth is expected to continue. This note reviews 1Q25 dividend increases and examines current yields relative to recent history.

1Q25 Dividends: Several Examples of Growth

A number of midstream MLPs and corporations raised their dividends for 1Q25. For companies that raise their payouts once a year, increases are often made with 1Q or 4Q dividends. Meanwhile, some companies, mostly MLPs, continue to raise their payouts each quarter. Execution on dividend growth remains a key tailwind for the midstream space. Importantly, there has not been a cut to a regular dividend for an AMLP or ENFR holding since July 2021.

Most notably for 1Q25, Targa Resources (TRGP) increased its dividend by 33% to \$1.00 per share in line with plans provided in November 2024. TRGP's dividend is now above where it was when the company cut its payout back in 2020.

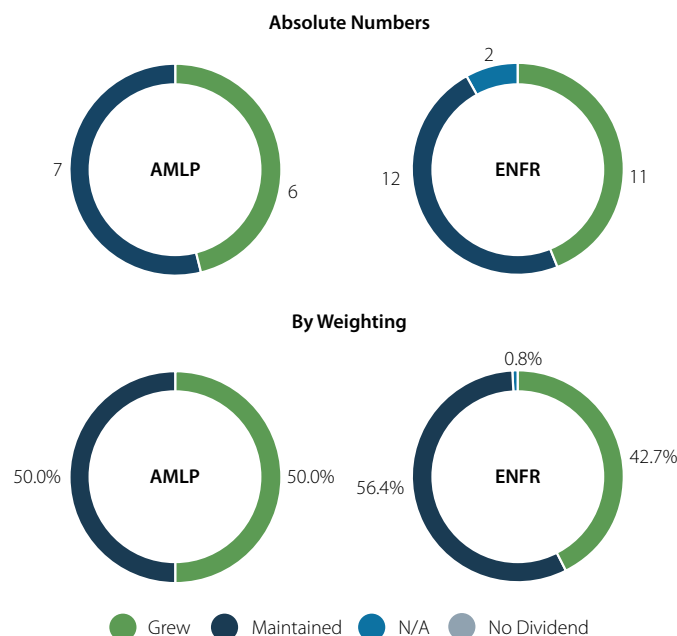
Other large percentage increases for 1Q25 dividends were announced in February alongside 4Q24 results. Notably, DT Midstream (DTM) increased its 1Q25 dividend by 11.6%, and Gibson Energy (GEI CN) announced a 4.9% increase to its dividend. Aris Water Solutions (ARIS) raised its 1Q25 dividend by 33% to \$0.14 per share alongside its 4Q24 results.

TC Energy (TRP CN) and Kinder Morgan (KMI) typically raise their payout once a year with the 1Q25 dividend, increasing by 3.3% and 1.7%, respectively. Following a similar trend, Pembina (PPL CN) also increased its 1Q25 dividend by 2.9%. TC Energy has now delivered annual dividend growth for 25 straight years. As a reminder, TRP adjusted its dividend in proportion to the spinoff of South Bow (SOBO CN) in October 2024.

Among AMLP holdings, Western Midstream (WES) raised its distribution by 4.0%. Energy Transfer (ET), Sunoco (SUN), Hess Midstream (HESM), Global Partners (GLP) and Delek Logistics (DKL) all raised their distributions sequentially.

The pie charts below show quarter-over-quarter (Q/Q) changes to dividends for AMLP and ENFR holdings by comparing 1Q25 payouts to those made for 4Q24. To be clear, 1Q25 dividends refer to dividends paid in 2Q25 based on operational performance in 1Q25.

1Q25 Q/Q Dividend Comparison: Several Growers



Weightings as of 4/30/2025

Cheniere Energy Partners (CQP) increased the variable component of its quarterly distribution by a penny for 1Q25, while maintaining its base payout. CQP is included as maintained for AMLP.

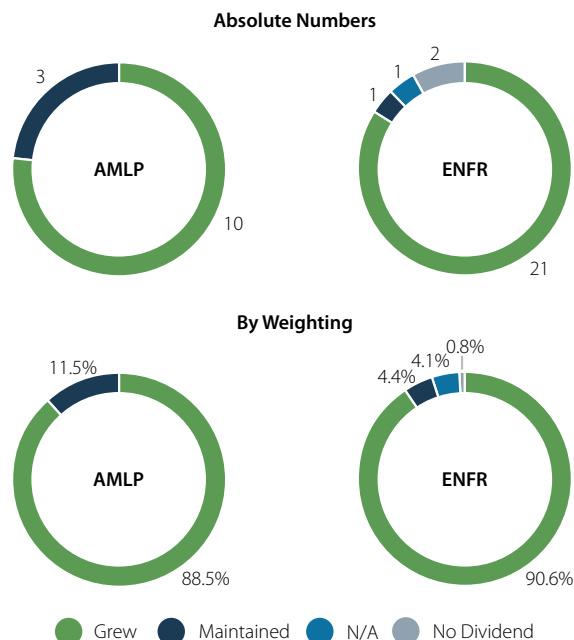
1Q25 dividends refer to dividends paid in 2Q25 based on 1Q25 performance.

Source: VettaFi, SS&C ALPS, Company Reports, as of 5/14/2025

Year-over-Year Comparison Spotlights Bias to Growth

Because several companies only raise their payouts once per year, a year-over-year (Y/Y) comparison can provide a clearer picture of dividend trends. The chart below shows a clear bias towards rising payouts. Approximately 90% of AMLP and ENFR by weighting as of April 30 have increased their payouts over the last year. Looking at absolute numbers, the majority of holdings in AMLP and ENFR have grown their dividends.

1Q25 Y/Y Dividend Comparison: Strong Bias Towards Growth



Weightings as of 4/30/2025

Cheniere Energy Partners (CQP) increased the variable component of its quarterly distribution by a penny for 1Q25, while maintaining its base payout. CQP is included as maintained for AMLP.

South Bow Corporation (SOBO CN) was spun off from TC Energy (TRP CN) on October 1. TRP's 4Q24 dividend was adjusted to reflect the spinoff and then increased for 1Q25. SOBO paid its first dividend in January 2025 and is classified as N/A.

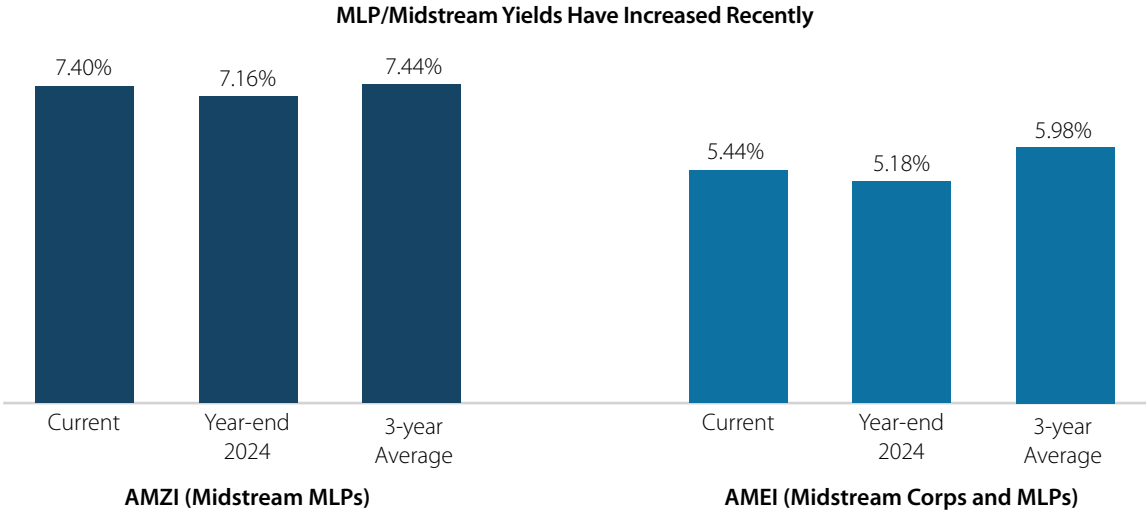
1Q25 dividends refer to dividends paid in 2Q25 based on 1Q25 performance.

Source: VettaFi, SS&C ALPS, Company Reports, as of 5/14/2025

Dividend Trends Add Important Context to Elevated Yields

Combining widespread dividend increases with the pullback in equity prices in April, midstream/MLP yields have risen recently. Notably, the yields for Alerian MLP Infrastructure Index (AMZI) and Alerian Midstream Energy Select Index (AMEI) were more than 20 basis points higher in mid-May than at the end of 2024. The yield for AMZI was just slightly below its three-year average as shown in the chart below. AMZI is the underlying index for AMLP, and AMEI is the underlying index for ENFR.

When yields rise, investors may have concerns about the durability of payouts. For investors using this space for income, positive dividend trends can provide reassurance and add to confidence in the income provided by midstream/MLPs. In volatile markets, healthy yields also add to midstream's defensiveness and support total returns.



Source: VettaFi, as of 5/13/2025
AMZI is the underlying index for AMLP. AMEI is the underlying index for ENFR.

Looking ahead, companies are expected to continue providing dividend growth. Earnings season saw companies reaffirm financial guidance for 2025, with most companies expecting mid-single-digit EBITDA growth this year. Midstream dividend coverage remains comfortable, and cash flows are expected to rise as companies pursue growth projects, particularly around natural gas liquids and natural gas.

On its recent earnings call, Cheniere Energy (LNG) reiterated plans to increase its dividend by approximately 10% through the end of the decade. MPLX (MPLX) also noted that the growth of its business is expected to support annual distribution increases on par with the 12.5% increase from last year. LNG and MPLX typically raise their November payouts.

Bottom Line

Amid oil price weakness and market volatility, midstream companies continue to deliver dividend growth. Positive dividend trends can help investors feel confident in MLP/midstream yields. For income investors, healthy yields backed by growing dividends can make midstream a compelling opportunity in a volatile market.

Alerian MLP ETF (AMLP)

Performance

Total Returns	Cumulative as of 4/30/2025				Annualized as of 3/31/2025				
	1 M	3 M	YTD	SI [*]	1 Y	3 Y	5 Y	10 Y	SI [*]
NAV (Net Asset Value)	-7.04%	-4.80%	2.02%	97.05%	18.38%	19.75%	35.75%	3.81%	5.28%
Market Price	-7.26%	-4.88%	1.94%	96.80%	18.42%	19.82%	36.01%	3.82%	5.29%
Alerian MLP Infrastructure Index - TR	-8.44%	-5.60%	2.76%	175.41%	23.93%	24.69%	39.74%	5.04%	7.84%
Alerian MLP Index - TR	-8.84%	-5.66%	2.63%	170.32%	22.99%	25.00%	40.21%	5.47%	7.73%

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%**

Top 10 Holdings

SUNOCO LP	12.84%	PLAINS ALL AMER PIPELINE LP	11.50%
MPLX LP	12.33%	HESS MIDSTREAM LP - CLASS A	9.21%
WESTERN MIDSTREAM PARTNERS L	12.05%	CHENIERE ENERGY PARTNERS LP	5.06%
ENERGY TRANSFER LP	11.55%	USA COMPRESSION PARTNERS LP	3.73%
ENTERPRISE PRODUCTS PARTNERS	11.50%	GENESIS ENERGY L.P.	3.13%

As of 4/30/2025, subject to change

Daily holdings are available at www.alpsfunds.com.

Alerian Energy Infrastructure ETF (ENFR)

Performance

Total Returns	Cumulative as of 4/30/2025				Annualized as of 3/31/2025				
	1 M	3 M	YTD	SI [*]	1 Y	3 Y	5 Y	10 Y	SI [*]
NAV (Net Asset Value)	-5.79%	-2.80%	0.48%	110.91%	35.43%	19.36%	33.92%	7.32%	7.32%
Market Price	-5.97%	-2.96%	0.28%	110.70%	35.55%	19.33%	34.21%	7.33%	7.32%
Alerian Midstream Energy Select Index - TR	-5.80%	-2.71%	0.67%	131.80%	36.54%	20.19%	35.17%	8.19%	8.21%
Alerian MLP Index - TR	-8.84%	-5.66%	2.63%	58.08%	22.99%	25.00%	40.21%	5.47%	4.94%

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%**

Top 10 Holdings

ENERGY TRANSFER LP	8.69%	TC ENERGY CORP	5.51%
ENBRIDGE INC	8.35%	KEYERA CORP	5.31%
ENTERPRISE PRODUCTS PARTNERS	7.17%	DT MIDSTREAM INC	5.31%
WILLIAMS COS INC	5.85%	KINDER MORGAN INC	5.05%
CHENIERE ENERGY INC	5.57%	PEMBINA PIPELINE CORP	5.05%

As of 4/30/2025, subject to change

Daily holdings are available at www.alpsfunds.com.

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.

Basis Point (bps): a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): a measure of a company's overall financial performance.

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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