

# Alerian MLP ETF

Monthly Insights | January 2024

## Key Takeaways

- The Alerian MLP ETF (AMLPL) was up 4.51% for January on merger & acquisition (M&A) news and as companies announced quarterly distributions.
- Seven AMLPL holdings have announced sequential increases to their 4Q23 distributions, which will be paid in 1Q24.
- At the end of January, AMLPL's underlying index, the Alerian MLP Infrastructure Index (AMZI), was yielding 7.49% and trading below its three-year average forward EV/EBITDA multiple.

## Performance Notes

AMLPL rose 4.51% on a total-return basis for January as M&A activity made headlines and multiple holdings increased their quarterly distributions. On January 22, Sunoco (**SUN, 7.14% weight\***) announced the acquisition of NuStar Energy (**NS, 5.49% Weight\***) in an all-stock deal. The deal price implied a 31.91% premium based on prices from the trading day preceding the announcement. The S&P 500 gained 1.68% in January while broader energy represented by the Energy Select Sector Index (IXE) fell by 0.50% on a total-return basis. US energy prices were mixed, as oil rose by 5.86% and natural gas fell by 16.47%.

Digging into portfolio performance for the month, all subsectors ended January higher. Compression, which only includes USA Compression Partners (**USAC, 2.77% Weight\***), was the best-performing subsector, up 11.61% on a total-return basis in January. Liquefaction and Petroleum Transportation were the next best performers.

January 2024 Performance				
	Jan-24	QTD	YTD	1 Y
Alerian MLP ETF (AMLPL) (NAV)	4.51%	8.14%	4.51%	19.40%
Alerian MLP Infrastructure Index (AMZI)	4.37%	4.37%	4.37%	21.77%
Subsector Total Return:				
Gathering & Processing	1.55%	1.55%	1.55%	13.72%
Natural Gas Transportation	3.55%	3.55%	3.55%	15.55%
Liquefaction	6.29%	6.29%	6.29%	0.33%
Marketing and Distribution	4.11%	4.11%	4.11%	9.73%
Compression	11.61%	11.61%	11.61%	3.37%
Petroleum Transportation	6.25%	6.25%	6.25%	32.68%
Energy Select Sector Index (IXE)	-0.50%	-0.50%	-1.09%	-3.68%
Crude Oil (WTI)	5.86%	5.86%	5.86%	-3.83%

Source: Bloomberg L.P., as of 1/31/2024

**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](http://www.alpsfunds.com). Performance includes reinvested distributions and capital gains.**

For standardized performance please see page 2. Index returns are total returns.

## Outlook

AMLPL holdings continue to generate free cash flow and prioritize the return of excess cash to investors through growing distributions and opportunistic buybacks. As shown below, seven AMLPL holdings announced sequential distribution increases in January. The outlook for MLP payouts remains constructive, and yields are compelling. With interest rates likely to fall in 2024, the relative yield advantage of MLPs compared to other fixed income investments is likely to increase. AMLPL holdings are expected to see modest EBITDA growth in 2024, though visibility should improve in the coming weeks as companies report fourth quarter results and provide guidance. From an energy macro perspective, oil and natural gas price volatility may persist in 2024. In this environment, midstream MLPs' defensive qualities – stable cash flows and healthy yields – can be particularly beneficial.

\* Weight in AMLPL as of 1/31/2024

Name	Ticker	AMLPLP Weight	Sequential Increase in 4Q23 Distribution
Energy Transfer	ET	12.30%	0.80%
Plains All American	PAA	11.85%	18.69%
Enterprise Products Partners	EPD	11.69%	3.00%
EnLink Midstream	ENLC	6.23%	6.00%
Hess Midstream	HESM	4.94%	2.72%
Global Partners	GLP	2.64%	2.20%
Delek Logistics	DKL	0.91%	0.96%

AMLPLP weightings as of 1/31/2024.  
4Q23 distributions will be paid in 1Q24 based on 4Q23 performance.  
Source: Company Reports, VettaFi, as of 1/31/2024

## Constituent News

- Enterprise Products Partners (EPD, 11.69% Weight\*) increased its distribution by 3.00% sequentially and repurchased \$96 million in equity in the fourth quarter of 2023, bringing total 2023 buybacks to \$187 million.
- EnLink Midstream (ENLC, 6.23% Weight\*) increased its distribution by 6.00% sequentially, fully executed its \$250 million buyback plan for 2023, authorized a new \$200 million repurchase plan for 2024 and lowered its target leverage ratio (debt-to-EBITDA) from 4.0x to 3.5x.
- Sunoco (SUN, 7.14% Weight\*) announced plans to acquire NuStar Energy (NS, 5.49% Weight\*) in an all-equity deal valued at \$7.3 billion including the assumption of debt. NS unitholders would receive 0.40 common units of SUN for each NS unit. This ratio represented a 31.91% premium to the closing price of NS before the deal was announced.

## Valuation Update

- AMLPLP's underlying index, AMZI, finished January with a forward EV/EBITDA multiple of 8.49x based on 2025 consensus EBITDA estimates –below its three-year average of 8.84x.
- AMZI is currently yielding 7.49%, which is below its three-year average of 7.67%.

\* Weight in AMLPLP as of 1/31/2024

	AMZI Current Valuations		
	Current	3 Year Avg	Delta
Price/Cash Flow (TTM)	5.98x	5.46x	9.55%
Enterprise Value/EBITDA	8.49x	8.84x	-3.99%
Yield	7.49%	7.67%	-2.35%
AMLPLP 30-Day SEC Yield	7.14%		

Source: Bloomberg L.P. and VettaFi, as of 1/31/2024  
**Past performance is no guarantee of future results.**

## Alerian MLP ETF (AMLPLP) Performance

Total Returns	Cumulative as of 1/31/2024				Annualized as of 12/31/2023				
	1 M	3 M	YTD	SI <sup>1</sup>	1 Y	3 Y	5 Y	10 Y	SI <sup>1</sup>
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%

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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.

<sup>1</sup> Fund inception date: 8/24/2010

Total Operating Expenses: **0.85%**

## Top 10 Holdings

MPLX LP	12.33%	SUNOCO LP	7.14%
ENERGY TRANSFER LP	12.30%	ENLINK MIDSTREAM LLC	6.23%
PLAINS ALL AMER PIPELINE LP	11.85%	NUSTAR ENERGY LP	5.49%
ENTERPRISE PRODUCTS PARTNERS	11.69%	HESS MIDSTREAM LP - CLASS A	4.94%
WESTERN MIDSTREAM PARTNERS L	11.67%	CHENIERE ENERGY PARTNERS LP	4.64%

As of 1/31/2024, subject to change  
Daily holdings are available at [www.alpsfunds.com](http://www.alpsfunds.com).

## Important Disclosures & Definitions

**An investor should consider the investment objectives, risks, charges and expenses carefully before investing. This material must be preceded or accompanied by the prospectus. 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 Fund's 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 Fund's ability to meet its investment objective 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 Fund.

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

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 Fund employs a "passive management" - or indexing - investment approach and seeks investment results that correspond (before fees and expenses) generally to the performance of its underlying index. Unlike many investment companies, the Fund is not "actively" managed. Therefore, it would not necessarily sell or buy a security unless that security is removed from or added to the underlying index, respectively.

30-Day SEC Yield: reflects the dividends and interest earned during the period, after the deduction of the Fund's expenses, including current or deferred income tax expense (if any).

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.

Debt-to-EBITDA Ratio: compares a company's total obligations to the actual cash the company brings in from its operations. It reveals how capable the firm is of paying its debt and other liabilities if taxes and the expenses from depreciation and amortization are deferred.

Enterprise Multiple (EV/EBITDA): a ratio used to determine the value of a company by considering the company's debt. The enterprise multiple is the enterprise value (EV) (market capitalization + total debt - cash and cash equivalents) divided by EBITDA (earnings before interest, taxes, depreciation and amortization).

Price/Cash Flow (P/CF) Ratio: represents the weighted average of the price/cash flow ratios of the stocks in a portfolio. Price/cash flow represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

One may not invest directly in an index.

MLPs represented by the Alerian MLP Infrastructure Index (AMZI).

ALPS Advisors, Inc., registered investment adviser with the SEC, is the investment adviser to the Fund. 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 Fund.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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