

Ticker: AMLP

Alerian MLP ETF

Monthly Insights | May 2024

Key Takeaways

- The Alerian MLP ETF (AMLP) fell -0.31% in May, as energy stocks saw some pressure amidst a pullback in oil prices.
- First quarter results for AMLP holdings were generally strong, with most names reporting adjusted EBITDA ahead of Wall Street consensus estimates.
- At the end of May, AMLP's underlying index, the Alerian MLP Infrastructure Index (AMZI), was yielding 7.48% and trading below its three-year average forward EV/EBITDA multiple.

Performance Notes

AMLP dipped -0.31% on a total-return basis in May as the broader energy sector weakened modestly. AMLP declared a second quarter distribution of \$0.94 on May 8 – a 6.82% increase from the distribution paid in February 2024. AMLP also recorded a tax accrual of \$32.1 million (approximately \$0.18 per share) into its Net Asset Value (NAV) on May 16 to reflect a modified estimate of its deferred tax liability.

US energy prices were mixed for the month, with WTI crude falling 6.03% and natural gas rising almost 30%. While AMLP lagged the 4.96% gain in the S&P 500, it performed in line with the decline seen in the broader Energy Select Sector Index (IXE). Year-to-date, AMLP is up 12.08% on a total-return basis, slightly ahead of the IXE and S&P 500, which have gained 12.08% and 11.30% on a total-return basis, respectively.

Digging into portfolio performance for the month, Gathering & Processing was the best-performing subsector, followed by Natural Gas Transportation, given the rebound in natural gas prices in May.

Outlook

In May, the remainder of AMLP holdings announced earnings results and distributions for the first quarter of 2024, with reports widely coming in ahead of Wall Street expectations. As shown in the table below, most names reported adjusted EBITDA that beat consensus forecasts. While two names raised annual EBITDA guidance to reflect acquisitions, others may raise financial guidance as the year progresses assuming continued execution and a constructive macro backdrop. Companies are largely expected to continue generating free cash flow, and excess cash is likely to primarily support distribution growth. During the last year, 87.89% of AMLP by weighting have grown their payouts. Select AMLP holdings were active with buybacks in 1Q24, spending \$165 million on repurchases in aggregate. Buybacks are expected to remain more opportunistic. Looking to the remainder of 2024, MLPs are expected to continue generating free cash flow and returning excess cash to investors. MLPs' fee-based business models can prove beneficial if oil and natural gas prices are volatile.

May 2024 Performance

	May-24	QTD	YTD	1 Y
Alerian MLP ETF (AMLP) (NAV)	-0.31%	-1.39%	12.08%	32.68%
Alerian MLP Infrastructure Index (AMZI)	0.55%	-0.77%	13.85%	33.99%
Subsector Total Return:				
Gathering & Processing	3.43%	1.68%	21.52%	46.63%
Natural Gas Transportation	1.55%	0.52%	15.32%	29.55%
Liquefaction	0.98%	-0.94%	0.30%	16.13%
Marketing and Distribution	-3.56%	-7.13%	-1.65%	3.66%
Compression	1.11%	-6.19%	11.92%	3.65%
Petroleum Transportation	-0.61%	-0.44%	15.70%	37.16%
Energy Select Sector Index (IXE)	-0.42%	-1.30%	12.08%	25.97%
Crude Oil (WTI)	-6.03%	-7.43%	7.45%	13.07%

Source: Bloomberg L.P., as of 5/31/2024

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. Performance includes reinvested distributions and capital gains.

For standardized performance please see page 3.
Index returns are total returns.

AMLP Holding	Ticker	Weight	1Q24 Adjusted EBITDA Compared to Eikon Consensus Estimate
Western Midstream Partners LP	WES	13.09%	Beat
Energy Transfer LP	ET	12.48%	Beat
Enterprise Products Partners LP	EPD	12.27%	Beat
Plains All American Pipeline LP	PAA	12.23%	In line
MPLX LP	MPLX	12.12%	Beat
Sunoco LP	SUN	10.56%	Beat
EnLink Midstream LLC	ENLC	6.31%	In line
Hess Midstream LP	HESM	5.59%	Beat
Cheniere Energy Partners LP	CQP	3.95%	Beat
USA Compression Partners LP	USAC	2.80%	Beat
Genesis Energy LP	GEL	2.72%	In line
Suburban Propane Partners LP	SPH	2.59%	Miss
Global Partners LP	GLP	2.53%	Miss
Delek Logistics Partners LP	DKL	0.72%	In line

Source: SS&P ALPS Advisors, Refinitiv Eikon, Company reports as of 5/31/2024

Constituent News

- Western Midstream (**WES, 13.09% Weight***) reported strong earnings results for the first quarter of 2024 ahead of consensus forecasts and expects to finish the year at the upper end of its guidance range for adjusted EBITDA and below its target leverage ratio.
- Energy Transfer (**ET, 12.48% Weight***) announced it agreed to acquire Permian gathering & processing company WTG Midstream for \$3.25 billion. The deal expands Energy Transfer's footprint in the Midland basin of the Permian and includes a 20% interest in the BANGL pipeline, which transports natural gas liquids from the Permian to the Texas Gulf Coast.
- Sunoco (**SUN, 10.46% Weight***) completed its \$7.3 billion acquisition of NuStar Energy and increased its 2024 adjusted EBITDA guidance by 50.9% to \$1.49 billion at the midpoint. NuStar Energy was removed from AMLP's underlying index on May 3.

Valuation Update

- AMLP's underlying index, AMZI, finished May with a forward EV/EBITDA multiple of 8.41x based on 2025 consensus EBITDA estimates – slightly below its three-year average of 8.78x.
- AMZI is currently yielding 7.48%, which is below its three-year average of 7.53%.

* Weight in AMLP as of 5/31/2024

	AMZI Current Valuations		
	Current	3 Year Avg	Delta
Price/Cash Flow (TTM)	6.10x	5.58x	9.22%
Enterprise Value/EBITDA	8.41x	8.78x	-4.18%
Yield	7.48%	7.53%	-0.67%
AMLP 30-Day SEC Yield	-5.69%		

Source: Bloomberg L.P. and VettaFi, as of 5/31/2024
Past performance is no guarantee of future results.

Alerian MLP ETF (AMLP) Performance

Total Returns	Cumulative as of 5/31/2024				Annualized as of 3/31/2024				
	1 M	3 M	YTD	SI ¹	1 Y	3 Y	5 Y	10 Y	SI ¹
NAV (Net Asset Value)	-0.31%	2.44%	12.08%	76.57%	33.51%	25.59%	8.01%	2.07%	4.38%
Market Price	-0.29%	2.41%	12.16%	76.61%	33.70%	25.55%	8.00%	2.07%	4.38%
Alerian MLP Infrastructure Index - TR	0.55%	4.09%	13.85%	140.84%	37.32%	29.22%	10.37%	2.86%	6.74%
Alerian MLP Index - TR	0.17%	3.43%	12.69%	138.57%	38.46%	29.44%	11.46%	3.05%	6.68%

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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.

¹ Fund inception date: 8/24/2010

Total Operating Expenses: **0.85%**

Top 10 Holdings

WESTERN MIDSTREAM PARTNERS L	13.09%
ENERGY TRANSFER LP	12.48%
ENTERPRISE PRODUCTS PARTNERS	12.27%
PLAINS ALL AMER PIPELINE LP	12.23%
MPLX LP	12.12%
SUNOCO LP	10.56%
ENLINK MIDSTREAM LLC	6.31%
HESS MIDSTREAM LP - CLASS A	5.59%
CHENIERE ENERGY PARTNERS LP	3.95%
USA COMPRESSION PARTNERS LP	2.80%

As of 5/31/2024, 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. 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.

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

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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