

Ticker: AMLP

# Alerian MLP ETF

Monthly Insights | June 2024

## Key Takeaways

- The Alerian MLP ETF (AMLP) rose 4.43% on a total-return basis in June, helped by improvements in oil prices during the month and strength in equities broadly.
- Forecasts for US energy production through 2050 are constructive for the midstream space, reinforcing the long-term need for energy transportation, storage and processing infrastructure.
- At the end of June, AMLP's underlying index, the Alerian MLP Infrastructure Index (AMZI), was yielding 7.14% and trading at a discount to its three-year average forward EV/EBITDA multiple.

## Performance Notes

AMLP rose 4.43% on a total-return basis in June, while the broader energy sector declined modestly despite gains in US oil prices. WTI crude rebounded 5.91% in June following two months of slight declines, while natural gas prices were essentially flat (+0.54%). AMLP outperformed both the broad Energy Select Sector Index (IXE), which declined 1.33% on a total-return basis in June, as well as the S&P 500, which rose 3.59%. AMLP is up 17.05% through the first half of 2024 on a total-return basis, outperforming both the IXE and S&P 500, which are up 10.58% and 15.29%, respectively.

Digging into portfolio performance for the month, Gathering & Processing was the best-performing subsector, followed by Petroleum Pipeline Transportation. In June, Compression was the only subsector in AMLP that declined, while all other subsectors saw gains through the first half of 2024.

## Outlook

With the first half of the year in the books, midstream MLPs have executed well on free cash flow generation and distribution growth, which has been rewarded with solid performance. The back half of 2024 is likely to see continued execution by the holdings in AMLP and potentially upward revisions to financial guidance. Headlines will be dominated by the US election, which is not expected to have a meaningful impact on energy infrastructure. Looking beyond 2024, the outlook for midstream/MLPs is constructive given expectations for continued production growth and stability over time as shown below. Natural gas is poised for a step-change in output as exports of liquefied natural gas (LNG) increase. Incremental power demand from data centers for artificial intelligence could drive additional upside for natural gas. These volumes translate to sustained cash flows for the infrastructure assets owned by AMLP holdings. Midstream MLPs are expected to maintain capital discipline over the long-term, preserving cash flows for distribution growth and opportunistic buybacks.

## June 2024 Performance

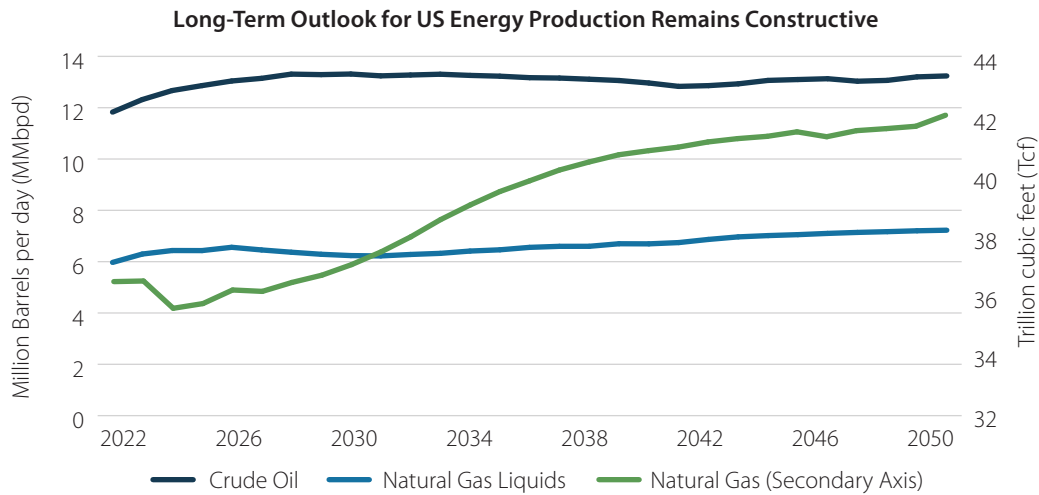
	Jun-24	QTD	YTD	1 Y
Alerian MLP ETF (AMLP) (NAV)	4.43%	2.98%	17.05%	32.38%
Alerian MLP Infrastructure Index (AMZI)	4.66%	3.85%	19.15%	34.25%
Subsector Total Return:				
Gathering & Processing	6.53%	8.32%	29.45%	47.34%
Natural Gas Transportation	2.61%	3.14%	18.32%	28.76%
Liquefaction	1.95%	0.99%	2.26%	12.89%
Marketing and Distribution	5.31%	-2.20%	3.57%	9.16%
Compression	-3.14%	-9.14%	8.40%	0.40%
Petroleum Transportation	5.70%	5.23%	22.29%	38.90%
Energy Select Sector Index (IXE)	-1.33%	-2.62%	10.58%	16.26%
Crude Oil (WTI)	5.91%	-1.96%	13.80%	15.43%

Source: Bloomberg L.P., as of 6/30/2024

**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 3.

Index returns are total returns.



## Constituent News

- Enterprise Products Partners (EPD, 11.81% Weight\*) is holding a binding open season for an expansion of its diluent pipeline system, which runs from Mont Belvieu, Texas, to the Chicago-area market where it connects into third-party pipelines to Canada. If sufficient commitments are received, expanded service is anticipated for July 2025.
- Energy Transfer (ET, 12.24% Weight\*) reached a final investment decision for a new 0.2 Bcf/d natural gas processing plant in the Permian Basin, which is expected to be in service by mid-2025. ET announced the BANGL pipeline will not be part of its acquisition of Permian gathering & processing company WTG Midstream, and the purchase price was lowered to \$3.075 billion. ET still expects accretion from the deal of \$0.04/unit in 2025, rising to \$0.07/unit in 2027.
- Hess Midstream (HESM, 6.27% Weight\*) agreed to repurchase \$100 million in Class B units from its sponsors. The units will be cancelled, increasing distributable cash flow per Class A share.

## Valuation Update

- AMLP's underlying index, AMZI, finished June with a forward EV/EBITDA multiple of 8.53x based on 2025 consensus EBITDA estimates – slightly below its three-year average of 8.77x.
- AMZI is currently yielding 7.14%, which is below its three-year average of 7.53%.

\* Weight in AMLP as of 6/30/2024

	AMZI Current Valuations		
	Current	3 Year Avg	Delta
Price/Cash Flow (TTM)	6.38x	5.59x	14.08%
Enterprise Value/EBITDA	8.53x	8.77x	-2.79%
Yield	7.14%	7.53%	-5.22%
AMLP 30-Day SEC Yield	1.82%		

Source: Bloomberg L.P. and VettaFi, as of 6/30/2024

**Past performance is no guarantee of future results.**

## Alerian MLP ETF (AMLP) Performance

Total Returns	Cumulative as of 6/30/2024				Annualized as of 6/30/2024				
	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)	4.43%	2.98%	17.05%	84.39%	32.38%	18.71%	8.64%	1.47%	4.52%
Market Price	4.58%	3.07%	17.30%	84.70%	32.56%	18.77%	8.72%	1.48%	4.53%
Alerian MLP Infrastructure Index - TR	4.66%	3.85%	19.15%	152.05%	34.25%	22.35%	11.14%	1.92%	6.90%
Alerian MLP Index - TR	4.45%	3.35%	17.71%	149.19%	35.79%	22.74%	12.17%	2.03%	6.81%

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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

PLAINS ALL AMER PIPELINE LP	12.35%
ENERGY TRANSFER LP	12.24%
WESTERN MIDSTREAM PARTNERS LP	11.96%
MPLX LP	11.95%
ENTERPRISE PRODUCTS PARTNERS	11.81%
SUNOCO LP	11.55%
ENLINK MIDSTREAM LLC	6.40%
HESS MIDSTREAM LP - CLASS A	6.27%
CHENIERE ENERGY PARTNERS LP	3.80%
USA COMPRESSION PARTNERS LP	3.20%

As of 6/30/2024, 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.*

*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*

*ALR001803 11/30/2024*