

Ticker: AMLP

Alerian MLP ETF

Monthly Insights | July 2024

Key Takeaways

- The Alerian MLP ETF (AMLP) rose just 0.54% on a total-return basis in July, as portfolio companies announced distributions and a few holdings reported results for the second quarter of 2024.
- MLP yields are above those of other income investments like investment-grade bonds, utilities and REITs. With interest rate cuts expected, MLPs' yield advantage over bonds could become more pronounced in the coming months.
- At the end of July, AMLP's underlying index, the Alerian MLP Infrastructure Index (AMZI), was yielding 7.17% and trading at a discount to its three-year average forward EV/EBITDA multiple.

Performance Notes

AMLP rose a modest 0.54% on a total-return basis in July, as portfolio holdings announced distributions and a few names reported earnings. MLPs showed resilience to weakness in commodity prices, as US oil and natural gas prices fell 4.45% and 21.72%, respectively. The broad Energy Select Sector Index (IXE) rose 2.23% on a total-return basis in July, modestly outpacing the S&P 500, which ended the month up 1.22%. Year-to-date, AMLP is up 17.68% on a total-return basis, outpacing both the IXE and S&P 500 which have gained 13.05% and 16.70%, respectively.

Digging into portfolio performance for the month, Liquefaction, which only consists of Cheniere Energy Partners (CQP, 4.06% Weight*), was the best-performing subsector, followed by Gathering and Processing.

*Weight in AMLP as of 7/31/2024

Outlook

Most portfolio companies will report results for the second quarter of 2024 in early August. However, all holdings but one announced their quarterly distributions in July. Four names increased their distributions sequentially, and the others maintained their payouts. Strong distribution trends add confidence to the generous yields provided by MLPs. As shown below, MLP yields are competitive with high-yield bonds and above those of investment-grade bonds, REITs and utilities. With interest rate cuts expected, MLP yields could become even more appealing relative to bonds. AMLP holdings are expected to continue generating free cash flow and returning excess cash to investors through distribution growth and opportunistic buybacks (see constituent news below). Combined with stable cash flows from fee-based businesses, these tailwinds from free cash flow generation can continue to be supportive for MLP performance amid commodity price volatility. With November quickly approaching, the US election is not anticipated to have a meaningful impact on energy infrastructure.

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July 2024 Performance

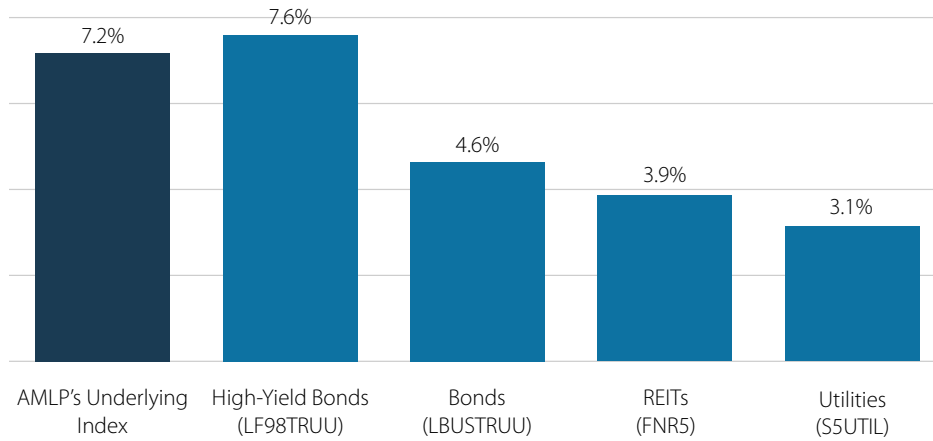
	Jul-24	QTD	YTD	1 Y
Alerian MLP ETF (AMLP) (NAV)	0.54%	0.54%	17.68%	25.12%
Alerian MLP Infrastructure Index (AMZI)	0.74%	0.74%	20.03%	27.48%
Subsector Total Return:				
Gathering & Processing	2.01%	2.01%	32.05%	38.68%
Natural Gas Transportation	0.84%	0.84%	19.32%	25.38%
Liquefaction	7.23%	7.23%	9.65%	9.26%
Marketing and Distribution	-4.25%	-4.25%	-0.83%	4.52%
Compression	-1.17%	-1.17%	7.13%	-0.78%
Petroleum Transportation	1.72%	1.72%	24.39%	33.89%
Energy Select Sector Index (IXE)	2.23%	2.23%	13.05%	10.22%
Crude Oil (WTI)	-4.45%	-4.45%	8.74%	-4.76%

Source: Bloomberg L.P., as of 7/31/2024

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.

MLP Yields Remain Compelling Relative to Other Income Investments



Source: VettaFi, Bloomberg as of July 31, 2024

Constituent News

- Enterprise Products Partners (**EPD, 11.74% Weight***) increased its distribution for the second quarter of 2024 by 1.9% to \$0.525 per unit and repurchased \$40 million in common equity during the second quarter.
- Energy Transfer (**ET, 12.24% Weight***) and Sunoco (**SUN, 11.20% Weight***) formed a new joint venture combining their oil and water gathering assets in the Permian Basin. ET will own 67.5% interest while SUN will own the remaining 32.5%.
- Hess Midstream (**HESM, 6.44% Weight***) increased its distribution for the second quarter of 2024 by 2.5% to \$0.6677 per share.

Valuation Update

- AMLP's underlying index, AMZI, finished July with a forward EV/EBITDA multiple of 8.55x based on 2025 consensus EBITDA estimates – slightly below its three-year average of 8.76x.
- AMZI is currently yielding 7.17%, which is below its three-year average of 7.52%.

* Weight in AMLP as of 7/31/2024

	AMZI Current Valuations		
	Current	3 Year Avg	Delta
Price/Cash Flow (TTM)	6.57x	5.63x	16.68%
Enterprise Value/EBITDA	8.55x	8.76x	-2.39%
Yield	7.17%	7.52%	-4.70%
AMLP 30-Day SEC Yield	6.44%		

Source: Bloomberg L.P. and VettaFi, as of 7/31/2024
Past performance is no guarantee of future results.

Alerian MLP ETF (AMLP) Performance

Total Returns	Cumulative as of 7/31/2024				Annualized as of 6/30/2024				
	1 M	3 M	YTD	SI ¹	1 Y	3 Y	5 Y	10 Y	SI ¹
NAV (Net Asset Value)	0.54%	4.67%	17.68%	85.39%	32.38%	18.71%	8.64%	1.47%	4.52%
Market Price	0.38%	4.67%	17.74%	85.39%	32.56%	18.77%	8.72%	1.48%	4.53%
Alerian MLP Infrastructure Index - TR	0.74%	6.01%	20.03%	153.91%	34.25%	22.35%	11.14%	1.92%	6.90%
Alerian MLP Index - TR	0.62%	5.28%	18.44%	150.74%	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.

¹ Fund inception date: 8/24/2010

Total Operating Expenses: **0.85%**

Top 10 Holdings

PLAINS ALL AMER PIPELINE LP	12.56%
WESTERN MIDSTREAM PARTNERS L	12.29%
ENERGY TRANSFER LP	12.24%
MPLX LP	11.99%
ENTERPRISE PRODUCTS PARTNERS	11.74%
SUNOCO LP	11.20%
HESS MIDSTREAM LP - CLASS A	6.44%
ENLINK MIDSTREAM LLC	6.35%
CHENIERE ENERGY PARTNERS LP	4.06%
USA COMPRESSION PARTNERS LP	3.09%

As of 7/31/2024, 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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