

Ticker: AMLP

# Alerian MLP ETF

Monthly Insights | September 2024

## Key Takeaways

- The Alerian MLP ETF (AMLP) fell a modest -0.40% on a total-return basis in September as oil prices fell for the third straight month and energy equities broadly weakened.
- MLP yields are above other income investments, including high-yield bonds, after the Federal Reserve cut interest rates.
- At the end of September, AMLP's underlying index, the Alerian MLP Infrastructure Index (AMZI), was yielding 7.24% and trading in line with its three-year average forward EV/EBITDA multiple.

## Performance Notes

AMLP's modest decline in September on a total-return basis lagged the S&P 500's 2.13% gain but came in ahead of the -2.93% decline for the Energy Select Sector Index (IXE). While the broader market saw a lift in September after the Federal Reserve's interest rate cut, energy traded down with oil prices as WTI crude fell 7.31% for the month. Natural gas prices saw a notable rebound, gaining 37.42% in September. While energy was the worst-performing sector of the S&P 500 year-to-date through September 30, MLPs have been a bright spot, with AMLP up 17.59% on a total-return basis. This is just below the 22.08% gain for the S&P 500 but significantly ahead of the IXE's 7.40% total return.

Digging into portfolio performance for the month, Compression, which only includes USA Compression Partners (**USAC, 3.14% Weight\***), was the best-performing subsector. Marketing and Distribution was the only other subsector with gains in September.

\* Weight in AMLP as of 9/30/2024

## Outlook

With the third quarter in the books, midstream MLPs have continued to execute well – generating free cash flow and returning excess cash to investors through distribution growth primarily but also through opportunistic buybacks. We expect more examples of distribution growth in the coming weeks based on company guidance. More broadly, these company-level tailwinds from free cash flow are expected to continue. From a macro perspective, MLPs have remained resilient amid weakness in oil prices and continue to benefit from fee-based business models that generate stable cash flows.

With interest rates falling, MLP yields are increasingly attractive relative to traditional fixed income investments, though it is important to note that MLPs are not bond substitutes and have different risk profiles as equities. As shown in the chart below, MLPs are now yielding above high-yield bonds and are expected to provide compelling yields as interest rates fall. For context, 71.01% of AMZI by weighting has an investment-grade credit rating. Finally, the outcome of November's election is not expected to have a material impact on MLPs.

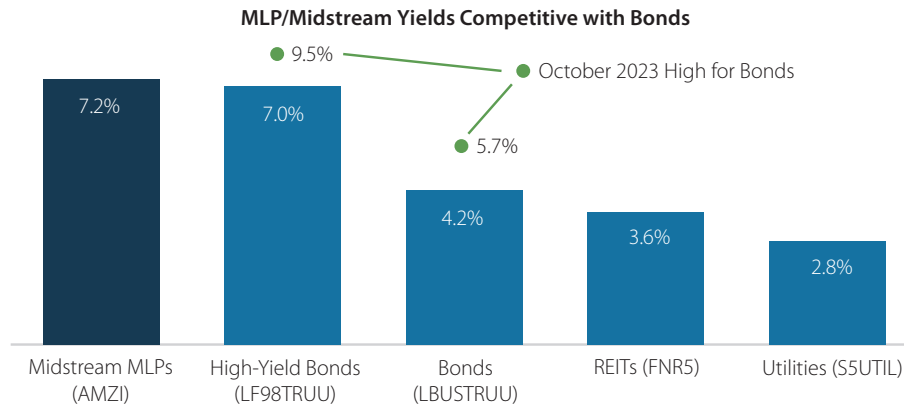
### September 2024 Performance

	Sep-24	QTD	YTD	1 Y
Alerian MLP ETF (AMLP) (NAV)	-0.40%	0.47%	17.59%	21.21%
Alerian MLP Infrastructure Index (AMZI)	-0.45%	0.73%	20.02%	23.62%
Subsector Total Return:				
Gathering & Processing	-1.27%	0.96%	30.69%	38.11%
Natural Gas Transportation	-0.55%	1.61%	20.23%	19.58%
Liquefaction	-0.53%	0.79%	3.07%	-3.61%
Marketing and Distribution	0.17%	-2.45%	1.03%	6.48%
Compression	1.82%	-1.26%	7.03%	-0.87%
Petroleum Transportation	-0.18%	1.82%	24.51%	29.52%
Energy Select Sector Index (IXE)	-2.93%	-2.88%	7.40%	0.58%
Crude Oil (WTI)	-7.31%	-16.40%	-4.86%	-24.91%

Source: Bloomberg L.P., as of 9/30/2024

**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.



Bars represent yields as of September 30, 2024.  
Source: VettaFi, Bloomberg as of September 30, 2024

### Constituent News

- Hess Midstream (**HESM, 6.22% Weight\***) repurchased \$100 million of Class B units from sponsors Hess Corporation (HES, not in index) and Global Infrastructure Partners.
- Energy Transfer (**ET, 11.99% Weight\***) selected KTJV, a joint venture between KBR (KBR, not in index) and Technip Energies (not in index), to provide engineering, procurement and construction services for its Lake Charles liquefied natural gas (LNG) project in Louisiana.
- Delek Logistics (**DKL, 1.07% Weight\***) closed on its \$230 million acquisition of H2O Midstream, which includes a variety of water assets that allow the company to provide a full suite of midstream services to customers in the Midland basin of the Permian.

### Valuation Update

- AMLP's underlying index, AMZI, finished September with a forward EV/EBITDA multiple of 8.75x based on 2025 consensus EBITDA estimates – in line with its three-year average of 8.77x.
- AMZI is currently yielding 7.24%, which is below its three-year average of 7.49%.

\* Weight in AMLP as of 9/30/2024

	AMZI Current Valuations		
	Current	3 Year Avg	Delta
Price/Cash Flow (TTM)	7.33x	5.75x	27.46%
Enterprise Value/EBITDA	8.75x	8.77x	-0.20%
Yield	7.24%	7.49%	-3.27%
AMLP 30-Day SEC Yield	7.92%		

Source: Bloomberg L.P. and VettaFi, as of 9/30/2024  
**Past performance is no guarantee of future results.**

## Alerian MLP ETF (AMLP) Performance

Total Returns	Cumulative as of 9/30/2024				Annualized as of 9/30/2024				
	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)	-0.40%	0.47%	17.59%	85.25%	21.21%	21.58%	9.91%	1.26%	4.47%
Market Price	-0.47%	0.28%	17.62%	85.21%	21.21%	21.59%	9.90%	1.26%	4.47%
Alerian MLP Infrastructure Index - TR	-0.45%	0.73%	20.02%	153.90%	23.62%	25.32%	12.46%	1.62%	6.83%
Alerian MLP Index - TR	-0.29%	0.72%	18.56%	150.98%	24.46%	25.47%	13.50%	1.82%	6.74%

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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	12.27%
ENERGY TRANSFER LP	11.99%
PLAINS ALL AMER PIPELINE LP	11.93%
ENTERPRISE PRODUCTS PARTNERS	11.84%
WESTERN MIDSTREAM PARTNERS LP	11.77%
SUNOCO LP	11.22%
ENLINK MIDSTREAM LLC	7.32%
HESS MIDSTREAM LP - CLASS A	6.22%
CHENIERE ENERGY PARTNERS LP	3.82%
USA COMPRESSION PARTNERS LP	3.14%

As of 9/30/2024, 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*

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