

Ticker: AMLP

Alerian MLP ETF

Monthly Insights | October 2024

Key Takeaways

- The Alerian MLP ETF (AMLP) fell a modest -1.08% on a total-return basis in October amid broad market declines.
- MLPs have been generating significant free cash flow, with eight out of the top ten AMLP holdings showing double-digit 2025 free cash flow yields. In recent years, excess cash has been directed towards growing distributions and opportunistic equity repurchases.
- At the end of October, AMLP's underlying index, the Alerian MLP Infrastructure Index (AMZI), was yielding 7.53% and trading below its three-year average forward EV/EBITDA multiple.

Performance Notes

AMLP declined modestly in October, with the Fund falling -1.08% on a total-return basis, slightly lagging the S&P 500 which fell 0.91% for the month. A handful of AMLP holdings reported third quarter earnings results in October, while all names announced their quarterly distributions. Six holdings increased their distributions sequentially, and there were no cuts. Broader energy outperformed AMLP in October, with the Energy Select Sector Index (IXE) rising 0.92% on a total-return basis, as oil and natural gas price volatility continued. Oil prices traded slightly higher in October, after jumping on geopolitical concerns earlier in the month and then moderating as tensions eased. US natural gas prices were down 7.39% in October. Year-to-date, AMLP is up 16.32% on a total-return basis, significantly outperforming the 8.39% gain in the IXE but lagging the 20.97% gain for the S&P 500.

Digging into portfolio performance for the month, Liquefaction, which only includes Chenere Energy Partners (CQP, 4.04% Weight*) was the best-performing subsector, followed by Natural Gas Pipeline Transportation.

*Weight in AMLP as of 10/31/2024

Outlook

The balance of AMLP holdings will report third quarter results in early November, providing another opportunity to highlight ongoing tailwinds from free cash flow generation. As shown in the chart below, 2025 free cash flow yields for AMLP's top holdings remain compelling. AMLP's underlying index is also trading below its three-year average based on forward EV/EBITDA. With discounted valuations and healthy yields, MLPs should remain attractive for investors seeking income as interest rates fall. Looking ahead to 2025, MLPs are expected to continue generating free cash flow and prioritizing returning cash to investors, regardless of how oil and natural gas prices trade.

October 2024 Performance

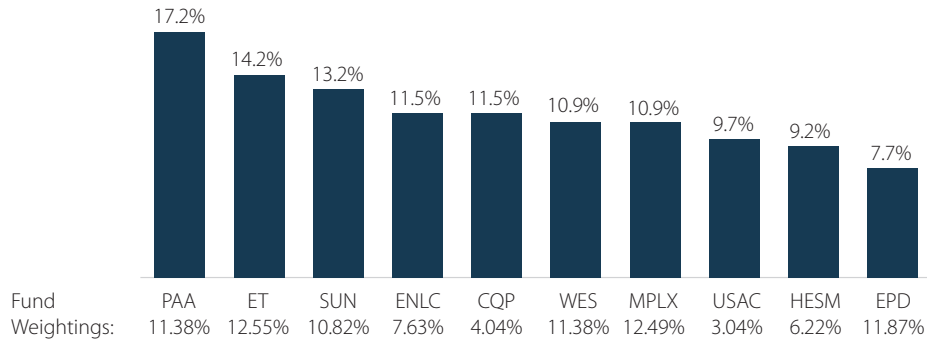
| | Oct-24 | QTD | YTD | 1 Y |
|---|--------|--------|--------|---------|
| Alerian MLP ETF (AMLP) (NAV) | -1.08% | -1.08% | 16.32% | 20.36% |
| Alerian MLP Infrastructure Index (AMZI) | -1.25% | -1.25% | 18.53% | 22.45% |
| Subsector Total Return: | | | | |
| Gathering & Processing | -0.88% | -0.88% | 29.54% | 36.64% |
| Natural Gas Transportation | 1.48% | 1.48% | 22.00% | 25.81% |
| Liquefaction | 3.76% | 3.76% | 3.79% | -5.67% |
| Marketing and Distribution | -3.09% | -3.09% | -2.09% | 3.19% |
| Compression | -2.54% | -2.54% | 4.31% | -3.39% |
| Petroleum Transportation | -3.49% | -3.49% | 20.16% | 23.50% |
| Energy Select Sector Index (IXE) | 0.92% | 0.92% | 8.39% | 7.68% |
| Crude Oil (WTI) | 1.60% | 1.60% | -3.34% | -14.51% |

Source: Bloomberg L.P., as of 10/31/2024

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's Top Ten Holdings Offer Compelling 2025 Free Cash Flow Yields



Fund weightings and market caps as of 10/31/2024.
Operating cash flow and capital expenditures based on 2025 consensus estimates.
Source: VettaFi, SS&C ALPS Advisors, Refinitiv Eikon, as of 10/31/2024

Constituent News

- In October, MPLX (**MPLX, 12.49% Weight***) increased its distribution for the third quarter by 12.5% to \$0.9565 per unit, while Genesis Energy (**GEL, 2.39% Weight***) increased its payout 10.0% to \$0.165 per unit.
- Enterprise Products Partners (**EPD, 11.87% Weight***) repurchased \$76 million in equity during the third quarter of 2024, bringing its total equity repurchases year-to-date to \$156 million.
- Hess Midstream (**HESM, 6.22% Weight***) reported earnings results for the third quarter ahead of Wall Street estimates and reaffirmed long-term guidance of 10% growth in adjusted EBITDA and at least 5% distribution growth through 2026.

Valuation Update

- AMLP's underlying index, AMZI, finished October with a forward EV/EBITDA multiple of 8.66x based on 2025 consensus EBITDA estimates – below its three-year average of 8.76x.
- AMZI is currently yielding 7.53%, which is narrowly above its three-year average of 7.49%.

* Weight in AMLP as of 10/31/2024

| | AMZI Current Valuations | | |
|-------------------------|-------------------------|------------|--------|
| | Current | 3 Year Avg | Delta |
| Price/Cash Flow (TTM) | 7.20x | 5.81x | 23.94% |
| Enterprise Value/EBITDA | 8.66x | 8.76x | -1.13% |
| Yield | 7.53% | 7.49% | 0.57% |
| AMLP 30-Day SEC Yield | 12.04% | | |

Source: Bloomberg L.P. and VettaFi, as of 10/31/2024
Past performance is no guarantee of future results.

Alerian MLP ETF (AMLP) Performance

| Total Returns | Cumulative as of 10/31/2024 | | | | Annualized as of 9/30/2024 | | | | |
|---------------------------------------|--------------------------------|--------|--------|-----------------|-------------------------------|--------|--------|-------|-----------------|
| | 1 M | 3 M | YTD | SI ¹ | 1 Y | 3 Y | 5 Y | 10 Y | SI ¹ |
| NAV (Net Asset Value) | -1.08% | -1.16% | 16.32% | 83.24% | 21.21% | 21.58% | 9.91% | 1.26% | 4.47% |
| Market Price | -1.19% | -1.29% | 16.22% | 83.00% | 21.21% | 21.59% | 9.90% | 1.26% | 4.47% |
| Alerian MLP Infrastructure Index - TR | -1.25% | -1.25% | 18.53% | 150.73% | 23.62% | 25.32% | 12.46% | 1.62% | 6.83% |
| Alerian MLP Index - TR | -1.34% | -1.24% | 16.97% | 147.63% | 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.

¹ Fund inception date: 8/24/2010

Total Operating Expenses: **0.85%**

Top 10 Holdings

| | |
|-------------------------------|--------|
| ENERGY TRANSFER LP | 12.55% |
| MPLX LP | 12.49% |
| ENTERPRISE PRODUCTS PARTNERS | 11.87% |
| WESTERN MIDSTREAM PARTNERS LP | 11.83% |
| PLAINS ALL AMER PIPELINE LP | 11.38% |
| SUNOCO LP | 10.82% |
| ENLINK MIDSTREAM LLC | 7.63% |
| HESS MIDSTREAM LP - CLASS A | 6.22% |
| CHENIERE ENERGY PARTNERS LP | 4.04% |
| USA COMPRESSION PARTNERS LP | 3.04% |

As of 10/31/2024, 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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