

Ticker: AMLP

Alerian MLP ETF

Monthly Insights | December 2024

Key Takeaways

- The Alerian MLP ETF (AMLP) fell -6.05% on a total-return basis in December as markets broadly declined through the month and energy sold off after a strong November.
- AMLP holdings largely grew their distributions in 2024, with five names increasing their payouts by double-digit percentages. MLP distribution growth is expected to continue in 2025.
- At the end of December, AMLP's underlying index, the Alerian MLP Infrastructure Index (AMZI), was yielding 7.16% and trading below its three-year average forward EV/EBITDA multiple.

Performance Notes

AMLP declined -6.05% on a total-return basis in December, as the S&P 500 fell 2.38% and energy generally sold off after an exceedingly strong November. AMLP outperformed the Energy Select Sector Index (IXE), which fell 9.52% on a total-return basis for the month. Oil and gas prices climbed in December, with oil gaining 5.47% and natural gas rising 8.03%. In 2024, AMLP rose 22.61% on a total-return basis, significantly outperforming the 5.65% total return for the IXE and in-line with S&P 500's 25.02% gain. Notably, AMLP's performance in 2024 marks the fourth-straight year the fund posted 20+% gains on a total-return basis.

Digging into portfolio performance for the month, all subsectors saw declines. Compression, which only includes USA Compression Partners (USAC, 3.15% Weight*), was the best-performing subsector in December. For 2024, Natural Gas Pipeline Transportation was the best performing sector, followed by Gathering & Processing.

*Weight in AMLP as of 12/31/2024

Outlook

The outlook for MLPs remains constructive heading into 2025, with company-level and macro tailwinds persisting. MLPs are expected to continue generating free cash flow, which has helped support distribution growth and opportunistic equity repurchases. As shown in the chart below, AMLP holdings largely grew distributions in 2024, with five names increasing their payouts by double-digit percentages. Around 90% of the fund by weighting have grown their distribution over the past year, and holdings are expected to continue prioritizing distribution growth in 2025. Additionally, AMLP holdings collectively repurchased \$528 million in equity through the first three quarters of 2024.

From a macro perspective, US oil and gas production is expected to rise slightly in 2025, driving incremental volumes for midstream. The outlook for oil prices is generally cautious given an amply supplied global market. There tends to be more optimism for US natural gas prices in 2025 as new liquefied natural gas (LNG) export capacity comes online. MLPs' fee-based businesses provide insulation from volatility in commodity prices, and their defensiveness could be attractive to investors given a muted oil outlook. Policy from Washington also bears watching, including potential positive news around energy infrastructure permitting and tax provisions. Expectations for continued strong execution by companies, ongoing US production growth, and potentially favorable action from Washington contributes to a constructive outlook for midstream MLPs into 2025.

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December 2024 Performance

| | Dec-24 | QTD | YTD | 1 Y |
|---|---------|--------|--------|--------|
| Alerian MLP ETF (AMLP) (NAV) | -6.05% | 4.26% | 22.61% | 22.61% |
| Alerian MLP Infrastructure Index (AMZI) | -7.24% | 5.56% | 26.70% | 26.70% |
| Subsector Total Return: | | | | |
| Gathering & Processing | -6.10% | 2.51% | 33.98% | 33.98% |
| Natural Gas Transportation | -5.08% | 17.00% | 40.67% | 40.67% |
| Liquefaction | -8.81% | 10.79% | 14.19% | 14.19% |
| Marketing and Distribution | -10.96% | -1.96% | -0.94% | -0.94% |
| Compression | -1.79% | 5.27% | 12.68% | 12.68% |
| Petroleum Transportation | -8.56% | 2.20% | 27.25% | 27.25% |
| Energy Select Sector Index (IXE) | -9.52% | -1.63% | 5.65% | 5.65% |
| Crude Oil (WTI) | 5.47% | 5.21% | 0.10% | 0.10% |

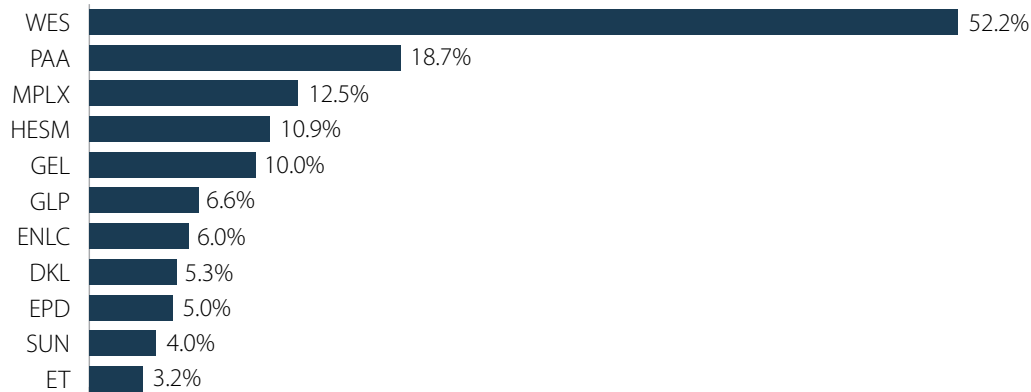
Source: Bloomberg L.P., as of 12/31/2024

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.

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2024 AMLP Holdings Year-over-Year Distribution Increases



Based on 3Q24 distributions paid in 4Q24 compared to 3Q23 distributions paid in 4Q23.
Source: Company Reports, SS&C ALPS Advisors, as of 12/31/2024

Constituent News

- Sunoco (**SUN, 10.50% Weight***) guided to 2025 adjusted EBITDA of \$1.925 billion at the midpoint - a 25% increase relative to the midpoint of 2024 guidance. The increase reflects the acquisition of NuStar Energy in May 2024 and growth in the base business. The company also announced it will be transitioning to quarterly distribution increases and is targeting ~5% annual growth.
- Energy Transfer (**ET, 12.59% Weight***) sanctioned the Hugh Brinson Pipeline (previously known as Warrior), which will transport natural gas from the Permian. ET also announced a 20-year sales and purchase agreement with Chevron (CVX, not in AMLP) for 2.0 million tons per annum of LNG from the proposed Lake Charles LNG facility.
- ONEOK (OKE, not in AMLP) offered in November to acquire the remaining publicly-held units of EnLink Midstream (**ENLC, 6.90% Weight***) in a tax-free, stock-for-stock transaction. In December, the related Special Meeting of ENLC unitholders was set for January 30, 2025.

Valuation Update

- AMLP's underlying index, AMZI, finished December with a forward EV/EBITDA multiple of 8.66x based on 2026 consensus EBITDA estimates – below its three-year average of 8.78x.
- AMZI is currently yielding 7.16%, which is below its three-year average of 7.44%.

* Weight in AMLP as of 12/31/2024

| | AMZI Current Valuations | | |
|-------------------------|-------------------------|------------|--------|
| | Current | 3 Year Avg | Delta |
| Price/Cash Flow (TTM) | 7.08x | 5.93x | 19.27% |
| Enterprise Value/EBITDA | 8.66x | 8.78x | -1.38% |
| Yield | 7.16% | 7.44% | -3.78% |
| AMLP 30-Day SEC Yield | 30.44% | | |

Source: Bloomberg L.P. and VettaFi, as of 12/31/2024
Past performance is no guarantee of future results.

Alerian MLP ETF (AMLP) Performance

| Total Returns | Cumulative as of 12/31/2024 | | | | Annualized as of 12/31/2024 | | | | |
|---------------------------------------|--------------------------------|-------|--------|-----------------|--------------------------------|--------|--------|-------|-----------------|
| | 1 M | 3 M | YTD | SI ¹ | 1 Y | 3 Y | 5 Y | 10 Y | SI ¹ |
| NAV (Net Asset Value) | -6.05% | 4.26% | 22.61% | 93.14% | 22.61% | 23.03% | 11.88% | 2.47% | 4.69% |
| Market Price | -6.18% | 4.24% | 22.61% | 93.06% | 22.61% | 23.03% | 11.89% | 2.44% | 4.69% |
| Alerian MLP Infrastructure Index - TR | -7.24% | 5.56% | 26.70% | 168.01% | 26.70% | 27.24% | 14.75% | 3.28% | 7.11% |
| Alerian MLP Index - TR | -7.19% | 4.94% | 24.41% | 163.38% | 24.41% | 27.27% | 15.56% | 3.67% | 6.98% |

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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 | 12.59% |
| MPLX LP | 12.14% |
| ENTERPRISE PRODUCTS PARTNERS | 11.95% |
| WESTERN MIDSTREAM PARTNERS L | 11.87% |
| PLAINS ALL AMER PIPELINE LP | 11.68% |
| SUNOCO LP | 10.50% |
| HESS MIDSTREAM LP - CLASS A | 7.27% |
| ENLINK MIDSTREAM LLC | 6.90% |
| CHENIERE ENERGY PARTNERS LP | 4.07% |
| USA COMPRESSION PARTNERS LP | 3.15% |

As of 12/31/2024, 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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