

# Preparing for the Energy Transition

We are in the midst of a global energy transition from traditional carbon-based sources, such as crude oil and natural gas, to renewable clean energy sources, such as wind, solar and fuel cells.

The growth of renewable power capacity is forecasted to accelerate to over 90% of global electricity expansion through 2027, a 30% increase from 2021 forecasts, driven by a combination of energy security concerns and climate ambitions.<sup>1</sup> Importantly, the energy transition will rely heavily on existing infrastructure and natural gas in particular, which made up 23% of primary energy consumption in 2021.<sup>2</sup> While clean energy transition investment totaled \$1.1 trillion in 2022, up 31% from the prior year, fossil fuel investment matched clean energy investment at \$1.1 trillion for 2022, showcasing the importance of a sustainable and balanced approach to reach net-zero initiatives.<sup>3</sup>

## Why US Midstream?

- The US is the world's largest producer of oil and natural gas with significant reserves
- Natural gas prices, along with natural gas liquids (NGLs), have significantly recovered this year amid improving demand
- Natural gas demand is forecast to grow through 2030 with continued liquefied natural gas (LNG) infrastructure build out

## Why Clean Energy?

- Global superpowers have unveiled aggressive carbon neutral goals and clean energy policies with massive fiscal stimulus measures
- Clean energy costs continue their competitive advantage over fossil fuels as global adoption increases
- Renewables continue to gain market share for power generation as new technologies and efficiencies reduce renewable energy costs

Natural gas has been known as the bridge fuel of the global energy transition, given its cleaner composition, availability and competitive price, thanks to increasing exports of LNG from the US and elsewhere. Natural gas is also the primary feedstock in hydrogen, used to power clean fuel cells.

There are three main components of clean energy that are expected to see rapid global adoption:

**Clean Power Generation:** Solar and wind power are two of the fastest growing sources of clean power generation in both the United States and Canada, while hydro and geothermal energy continue to rapidly increase in global adoption.

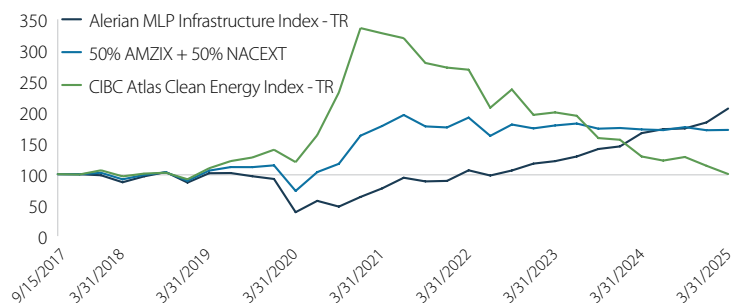
**Clean Power Consumption:** Clean energy storage (battery) costs have plummeted both in size and cost to allow for smart cities, buildings and residences that use internet connected battery systems to more efficiently distribute and consume clean energy.

**Clean Transportation:** Global passenger EV sales are projected to increase sharply over the next two decades, rising from 6.6 million in 2021 to 10.5 million in 2022 and 66 million by 2040, which will represent over two-thirds of global passenger vehicle sales.<sup>4</sup>

While many countries are leading the charge toward carbon neutrality by 2050, these renewable goals are ambitious and cannot fully displace the value of crude oil and natural gas to the global economy. More specifically, US midstream infrastructure will continue to be built to handle the increasing crude and natural gas (and NGL) export demand over the next decade, while also acting as the transportation infrastructure to a number of renewable fuels, such as hydrogen for fuel-cells, renewable diesel and ethanol.

## The Energy Transition Portfolio: Midstream Master Limited Partnerships (MLPs) and Clean Energy

### 50% AMZI + 50% NACEX Cumulative Total Return



- The Energy Transition portfolio is best viewed through an equal split between the Alerian MLP Infrastructure Index (AMZI) and the CIBC Atlas Clean Energy Index (NACEX).
- The blended strategy may offer improved risk-adjusted returns with a yield of 4.30% rather than choosing between high yield in the midstream MLP sector and high growth in clean energy.

Sources:

<sup>1</sup> IEA, Renewables 2022, 12/6/2022

<sup>2</sup> IEA, World Energy Outlook 2022, 11/30/2022

<sup>3</sup> Bloomberg BNEF, Energy Transition Investment Trends 2023, 1/26/2023

<sup>4</sup> Bloomberg BNEF, Global EV 2022 Outlook, 1/18/2022

## ALPS Clean Energy ETF (ACES) Performance as of 3/31/2025

Total Returns	Cumulative				Annualized			
	1 M	3 M	YTD	SI <sup>^</sup>	1 Y	3 Y	5 Y	SI <sup>^</sup>
NAV (Net Asset Value)	-3.77%	-11.69%	-11.69%	-0.80%	-21.76%	-27.86%	-3.53%	-0.12%
Market Price	-3.77%	-11.62%	-11.62%	-0.85%	-21.71%	-27.89%	-3.47%	-0.13%
CIBC Atlas Clean Energy Index - TR	-3.74%	-11.70%	-11.70%	0.69%	-22.02%	-28.01%	-3.45%	0.10%

Total Operating Expenses: **0.55%**

<sup>^</sup> Fund inception date: 6/28/2018

## Alerian MLP ETF (AMLP) Performance as of 3/31/2025

Total Returns	Cumulative				Annualized				
	1 M	3 M	YTD	SI <sup>*</sup>	1 Y	3 Y	5 Y	10 Y	SI <sup>*</sup>
NAV (Net Asset Value)	-0.19%	9.74%	9.74%	111.96%	18.38%	19.75%	35.75%	3.81%	5.28%
Market Price	-0.04%	9.92%	9.92%	112.21%	18.42%	19.82%	36.01%	3.82%	5.29%
Alerian MLP Infrastructure Index - TR	-0.13%	12.24%	12.24%	200.81%	23.93%	24.69%	39.74%	5.04%	7.84%
Alerian MLP Index - TR	0.05%	12.58%	12.58%	196.53%	22.99%	25.00%	40.21%	5.47%	7.73%

Total Operating Expenses: **0.85%**

<sup>\*</sup> Fund inception date: 8/24/2010

**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.**

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.

## Important Disclosures & Definitions

**An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus containing this and other information, call 1-866-759-5679 or visit [www.alpsfunds.com](http://www.alpsfunds.com). 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.

The Alerian MLP ETF accrues deferred tax liability for its future tax liability associated with the capital appreciation of its investments and the distributions received by the Fund on equity securities of master limited partnerships considered to be a return of capital and for any net operating gains. The Fund's accrued deferred tax liability, if any, is reflected each day in the Fund's net asset value per share. The deferred income tax expense/(benefit) represents an estimate of the Fund's potential tax expense/(benefit) if it were to recognize the unrealized gains/(losses) in the portfolio. An estimate of deferred income tax expense/(benefit) is dependent upon the Fund's net investment income/(loss) and realized and unrealized gains/(losses) on investments and such expenses may vary greatly from year to year and from day to day depending on the nature of the Fund's investments, the performance of those investments and general market conditions. Therefore, any estimate of deferred income tax expense/(benefit) cannot be reliably predicted from year to year.

The Funds employ a "passive management" - or indexing - investment approach and seek investment results that correspond (before fees and expenses) generally to the performance of their underlying indexes. Unlike many investment companies, the Funds are not "actively" managed. Therefore, they would not necessarily sell or buy a security unless that security is removed from or added to the underlying index, respectively.

Alerian MLP Index: 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: 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.

CIBC Atlas Clean Energy Index: an adjusted market cap weighted index designed to provide exposure to a diverse set of US or Canadian based companies involved in the clean energy sector including renewables and clean technology. The clean energy sector is comprised of companies that provide the products and services which enable the evolution of a more sustainable energy sector.

One may not invest directly in an index.

ALPS Advisors, Inc., registered investment adviser with the SEC, is the investment adviser to the Funds. 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 Funds.

Not FDIC Insured • No Bank Guarantee • May Lose Value

APS002712 8/31/2025