

Alerian MLP ETF

Monthly Insights | March 2022

Key Takeaways

- The Alerian MLP Infrastructure Index (AMZI), the underlying index for AMLP, gained 1.93% in March to end 1Q22 with a total return of 19.26%.
- With the outlook for significant free cash flow intact, the financial flexibility to return more capital to shareholders complements macro tailwinds that are fueling the strong outperformance for MLPs.
- Despite continued gains in March, the AMZI currently has an attractive yield of 6.80% and is currently close to its 3-year average forward EV/EBITDA multiple.

Performance Notes

The AMZI Index gained 1.93% in March on a total-return basis as elevated commodity prices continued to benefit energy equities despite heightened volatility from the ongoing Russian-Ukraine conflict. WTI oil prices saw sharp swings in March, hitting an intraday high of \$130.50 per barrel (bbl) on March 7 before settling above \$100/bbl to finish 4.76% higher for the month. WTI ended 1Q22 with a 34% gain and its best quarter since March 2020. Natural gas prices at Henry Hub soared by 28% in March to over \$5 per million British thermal unit, notching a 51.26% gain for the quarter. Natural Gas Transportation names led portfolio performance with an 8.05% rally fueled by the continuing surge in natural gas prices stemming from a tighter market. The lone Liquefaction name, Cheniere Energy Partners (CQP, 4.95% Weight*), followed with a 4.39% gain on the back of the strengthening outlook for US liquified natural gas (LNG) given Europe's need to diversify its gas supplies. The AMZI trailed the broader energy sector, represented by the Energy Select Sector Index (IXE), which gained 9.23% in March. Energy equities, including midstream, strongly outperformed in 1Q22 as concerns over rising rates, inflation and the war in Ukraine saw broad market indexes record their worst quarterly performance since the start of the pandemic. Year to date, the AMZI gained 19.26% on a total-return basis while the S&P 500 was down -4.60% on a total-return basis.

Outlook

Energy infrastructure MLPs continued to benefit from strengthening energy sentiment as oil and gas prices extended their surge in March. While the rally in commodity prices has been accompanied by sharp price swings and increased uncertainty following recent geopolitical events, MLPs are better insulated from a volatile commodity price environment due to fee-based businesses that generate steady cash flows. Distribution growth has become more prevalent across the MLP space as companies prioritize returning more capital to unitholders. Though yields have come down with stronger equity performance, MLPs continue to offer yields well above other income-oriented sectors. Distribution growth is also being complemented by increased return of capital in the form of buybacks. In 4Q21, energy infrastructure MLPs repurchased \$540 million of their equity in aggregate, led by \$165 million in buybacks from MPLX (MPLX, 9.85% Weight*) and \$125 million from Enterprise Products Partners (EPD, 10.20% Weight*). As of March 31, 2022, approximately 73% of AMZI constituents by weighting had a buyback authorization in place. Looking ahead, with the outlook for significant free cash flow intact, the financial flexibility to return more capital to shareholders complements macro tailwinds that are fueling the strong outperformance for MLPs.

* Weight in AMLP as of 3/31/2022

March 2022 Performance

	Mar-22	QTD	YTD	1 Y
Alerian MLP Infrastructure Index (AMZI)	1.93%	19.26%	19.26%	37.93%
Gathering & Processing	0.53%	22.00%	22.00%	56.23%
Natural Gas Transportation	8.06%	28.77%	28.77%	41.36%
Liquefaction	4.39%	35.25%	35.25%	44.22%
Petroleum Transportation	-0.09%	12.50%	12.50%	26.72%
Energy Select Sector Index (IXE)	9.23%	39.08%	39.08%	63.26%
S&P Oil & Gas E&P Select Index (SPSIOP)	15.51%	41.01%	41.01%	69.12%
S&P Oil & Gas Equip Select Index (SPSIOS)	16.94%	52.18%	52.18%	41.85%
Crude Oil (WTI)	4.76%	33.33%	33.33%	69.51%

Source: Bloomberg L.P., as of 3/31/2022

Past performance is no guarantee of future results.

For standardized performance please see page 2.

Index returns are total returns.

Alerian MLP ETF

Constituent News

- Energy Transfer (ET, 10.96% Weight*) agreed to sell its 51% interest in Energy Transfer Canada to a joint venture and expects to receive cash proceeds of \$270 million. The divestment allows ET to reduce leverage and redirect capital to its US infrastructure network.
- Magellan Midstream Partners (MMP, 9.93% Weight*) held its analyst day on March 31, 2022, where it highlighted the long-term resiliency of its business through various energy transition scenarios and its expectations for the continued relevancy of petroleum infrastructure.
- Hess Midstream (HESM, 2.28% Weight*) was added to the AMZI in March in conjunction with the index's quarterly rebalancing. Phillips 66 Partners, former ticker PSXP, was removed from the index during the month due to its acquisition by parent company Phillips 66 (PSX, not in AMZI).

Valuation Update

- AMZI finished March with a forward EV/EBITDA multiple relatively in line with its three-year average.
- The current yield for the AMZI is 273 bps below its 3-year average.

* Weight in AMLP as of 3/31/2022

AMZI Current Valuations

	Current	3 Year Avg	Delta
Price/Cash Flow (TTM)	4.83x	4.73x	2.12%
Enterprise Value/EBITDA	9.11x	9.03x	0.83%
Yield	6.80%	9.53%	-28.65%
AMLP 30-Day SEC Yield	5.84%		

Source: Bloomberg L.P. and Alerian, as of 3/31/2022

Past performance is no guarantee of future results.

Alerian MLP ETF (AMLP) Performance

Total Returns	Cumulative as of 3/31/2022				Annualized as of 3/31/2022				
	1 M	3 M	YTD	SI ¹	1 Y	3 Y	5 Y	10 Y	SI ¹
NAV (Net Asset Value)	1.86%	19.01%	19.01%	23.43%	36.56%	0.43%	-1.40%	0.15%	1.83%
Market Price	1.65%	18.98%	18.98%	23.36%	36.22%	0.38%	-1.40%	0.14%	1.83%
Alerian MLP Infrastructure Index - TR	1.93%	19.26%	19.26%	55.15%	37.93%	1.54%	-1.07%	1.23%	3.86%
Alerian MLP Index - TR	2.05%	18.81%	18.81%	51.81%	36.56%	2.70%	-0.07%	1.28%	3.66%

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.

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: **0.87%**

Alerian MLP ETF

Top 10 Holdings

ENERGY TRANSFER LP	10.95%	PLAINS ALL AMER PIPELINE LP	9.70%
ENTERPRISE PRODUCTS PARTNERS	10.20%	ENLINK MIDSTREAM LLC	7.28%
WESTERN MIDSTREAM PARTNERS L	10.09%	DCP MIDSTREAM LP	7.09%
MAGELLAN MIDSTREAM PARTNERS	9.93%	CHENIERE ENERGY PARTNERS LP	5.31%
MPLX LP	9.85%	CRESTWOOD EQUITY PARTNERS LP	5.00%

As of 3/31/2022, 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 are not individually redeemable. Investors buy and sell shares on a secondary market. Only market makers or "authorized participants" may trade directly with the Fund, typically in blocks of 5,000, 25,000 or 50,000 shares.

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.

The Fund may be subject to risks relating to its investment in Canadian securities. Because the Fund will invest in securities denominated in foreign currencies and the income received by the Fund will generally be in foreign currency, changes in currency exchange rates may negatively impact the Fund's return.

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.

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.

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.

One may not invest directly in an index.

MLPs represented by the Alerian MLP Infrastructure Index (AMZI).

ALPS Advisors, Inc. and ALPS Portfolio Solutions Distributor, Inc., affiliated entities, are unaffiliated with Alerian.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the Fund.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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