

# Alerian MLP ETF

ALPS Weekly ETF Spotlight | 2/7/2022

## Midstream Continues to Rally on Strong Demand and Energy Prices

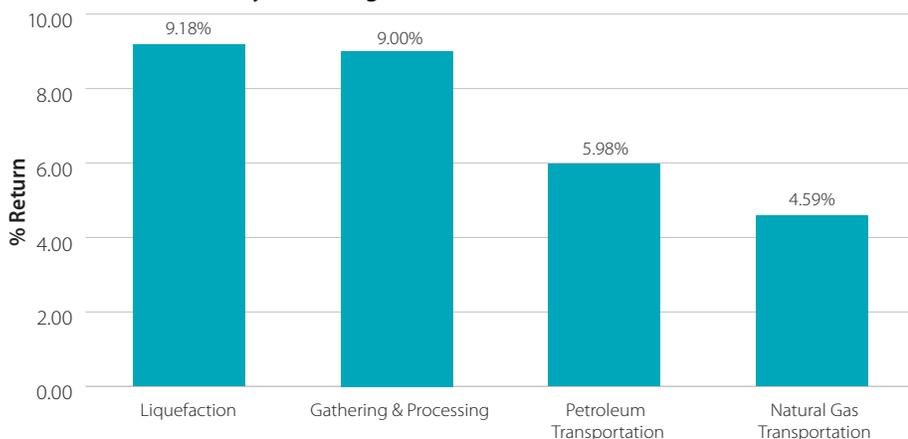
- In the wake of broader equity market volatility last week, the Alerian MLP ETF (AMLPL) gained 6.56% on positive midstream earnings reports and growing free cash flow for the space. AMLPL's Liquefaction segment saw the strongest performance as the lone name in the category reported earnings. The Gathering & Processing segment also saw large gains last week, benefitting from commodity price strength and elevated natural gas demand amidst a cold snap across most of the U.S.
- Liquefaction name, Cheniere Energy Partners LP (CQP, 4.67% weight\*), gained 6.95% last week after raising its quarterly distribution by 1.4%. The liquefied natural gas (LNG) producer's increased output from its Sabine Pass LNG export terminal has led to the U.S. being the world's top exporter of LNG for the second month in a row, with U.S. LNG exports hitting a record 7.3 million tons in January, per Bloomberg.
- Plains All American Pipeline LP (PAA, 10.83% weight\*), a petroleum transportation MLP with significant Permian infrastructure, was the largest portfolio gainer last week, rising nearly 10% after multiple analysts cited faster than anticipated Permian crude supply growth in late 2021.
- MLP bellwethers, Enterprise Products Partners (EPD, 9.60% weight\*), Magellan Midstream Partners (MMP, 9.06% weight\*), and MPLX LP (MPLX, 9.70% weight\*) last week reported solid year-over-year EBITDA growth and free cash flow generation for Q4. Results for all three came in ahead of analysts' expectations and were complemented by ongoing buyback activity in Q4.

“The current energy supply disruptions from the pandemic, along with geopolitical tensions in Europe (Russia), may lead to greater long-term international demand for U.S. crude oil, natural gas and NGLs (natural gas liquids) as a source of reliable supply to mitigate high energy prices, especially for LNG.”  
 - Jim Teague, Co-CEO of Enterprise

## Crude and Natural Gas Prices Both Lift Higher on Supply-Demand Imbalances

- Natural gas spiked to nearly \$6.25/MMBtu (million British thermal units) in the middle of last week before settling at \$4.57/MMBtu on extreme cold weather in the U.S., while WTI crude ended the week at over \$92/ barrel on ongoing geopolitical concerns and expectations for demand to outpace supply in the coming months as Omicron fades and demand rises.

Weekly AMLPL Segment Performance (Total Return %)



- While the MLPs in AMLPL do not have much direct commodity exposure due to their fee-based contracts to transport and store crude oil and natural gas, the increased global demand for natural gas propelled the liquefaction and gathering & processing (G&P) segments in AMLPL higher last week.

## Performance Summary

	1 Week	YTD	1 Y	3 Y
Alerian MLP ETF (AMLPL)	6.56%	17.19%	49.42%	2.01%
Alerian MLP Infrastructure Index (AMZI)	6.64%	17.35%	51.21%	5.36%
Solactive MLP Infrastructure Index (MLPAMID)	5.17%	15.19%	45.09%	-3.79%

Source: SS&C ALPS Advisors, as of 2/4/2022

**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 [click here](#).

\* Weight in AMLPL as of 2/4/2022

## Alerian MLP ETF

### Top 10 Holdings<sup>^</sup>

Western Midstream Partners LP	10.91%
Plains All American Pipeline LP	10.83%
Energy Transfer LP	10.07%
MPLX LP	9.70%
Enterprise Products Partners LP	9.60%
Magellan Midstream Partners LP	9.06%
Phillips 66 Partners LP	7.04%
DCP Midstream LP	6.19%
EnLink Midstream LLC	6.15%
Cheniere Energy Partners LP	4.67%

<sup>^</sup> As of 2/4/2022, subject to change

### Important Disclosure & 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 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 not a 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 energy infrastructure companies which may be adversely affected by changes in worldwide energy prices, exploration and production spending, government regulation, changes in exchange rates, depletion of natural resources and risks that arise from extreme weather conditions.

All K-1s are received and processed by the Alerian MLP ETF. The Alerian MLP ETF distributes a single Form 1099 to its shareholders. This notice is provided to you for informational purposes only, and should not be considered tax advice. Please consult your tax advisor for further assistance.

If, due to tax law changes, an MLP in the portfolio is deemed a corporation rather than a partnership for federal income purposes, then income would be subject to federal taxation at the MLP level. This would reduce the amount of cash available for distribution to the Fund which could result in a reduction of the Fund's value. The Fund is taxed as a regular corporation for federal income purposes, which reduces the Net Asset Value of fund shares by the accrual of any deferred tax liabilities. Depending on the taxes paid by the Fund as a result of income and/or gains from investments and/or the sale of MLP interests, the return on an investment in the Fund will be reduced. This differs from most investment companies, which elect to be treated as "regulated investment companies" to avoid paying entity level income taxes. The ETF is taxed as a regular corporation and is subject to U.S. federal income tax on taxable income at the corporate tax rate (currently as high as 21%) as well as state and local taxes.

The Fund employs a "passive management" - or indexing - investment approach and seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of its underlying index, the Alerian MLP Infrastructure Index. Unlike many investment companies, the Fund is not "actively" managed. Therefore, the Fund would not necessarily sell a security because the security's issuer was in financial trouble unless that security is removed from the Alerian MLP Infrastructure Index. Similarly, the Fund does not buy a security because the security is deemed attractive unless that security is added to the Alerian MLP Infrastructure Index.

The inclusion or exclusion of a company in the Alerian MLP Infrastructure Index is not a recommendation to buy or to sell securities, and not an offer to buy or sell securities.

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.

Solactive MLP Infrastructure Index (MLPAMID): tracks the price movements in shares of companies that are structured as MLPs and that are engaged in, own and operate assets used in energy logistics, including, but not limited to, pipelines, storage facilities and other assets used in transporting, storing, gathering, and processing natural gas, natural gas liquids, crude oil or refined products.

One may not invest directly in an index.

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

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