

# Monthly Midstream Energy Market Report

April 2023

HANetf & VettaFi

Alerian Midstream Energy Dividend UCITS ETF

MMLP

40bps

IE00BKPTXQ89

Product Inception Date: 27/07/2020

For Professional Clients Only. Capital at risk.

All data as of 31/03/2022

This report was written by, and is the opinion of, the AEDW Index provider VettaFi.

## Key Takeaways

At the end of March, MMLP's underlying index, AEDW, was yielding 7.48%. Companies with investment-grade credit ratings accounted for 91.1% of the index by weighting.

AEDW fell -0.69% on a net total return basis in March as the banking crisis drove volatility in oil prices and energy stocks. AEDW noticeably outperformed the STOXX Europe 600 Oil and Gas Index (SXEP), which fell -6.63% in March.

Energy infrastructure's defensive qualities were on display as the banking crisis unfolded and oil prices fell. Though energy infrastructure equities also came under pressure, they were more resilient than other energy subsectors that are more sensitive to commodity prices. Midstream's fee-based business model results in stable cash flows, supporting generous dividends that can also be desirable in periods of market volatility.

While many energy companies are expected to see sequentially lower earnings in 2023 due to weaker commodity prices, midstream names are positioned for modest growth in EBITDA. Energy infrastructure companies continue to generate free cash flow and return excess cash to investors through growing dividends and equity buybacks. At the end of March, 72.13% of the AEDW Index by weighting had a buyback authorization in place. AEDW constituents in aggregate repurchased \$1.42 billion of their equity in the fourth quarter of 2022.

Midstream also remains well positioned for ongoing inflation, given real asset exposure and annual inflation adjustments typically included in long-term contracts.

## Constituent News

**Enbridge (ENB CN, 9.7% AEDW)** held its annual investor conference, highlighting expectations for an annual average growth rate of 4-6% in EBITDA for 2022 – 2025 and average growth of 5% after 2025. ENB also announced \$3.3 billion in new investments across the business. Also in March, Enbridge announced a letter of intent with Yara International to jointly develop a low-carbon blue ammonia facility near Corpus Christi. Approximately 95% of the carbon dioxide from the production process is expected to be captured and permanently sequestered.

**Energy Transfer (ET, 10.5% AEDW)** is acquiring Lotus Midstream, which owns around 3,000 miles of crude gathering and transportation pipelines across the Permian, for \$1.45 billion. ET will pay \$900 million in cash and 44.5 million in new units.

**Kinder Morgan (KMI, 7.9% AEDW)** announced that its Southern and Northern California renewable diesel hubs are now in service, with renewable diesel being transported through existing pipelines.

Pembina Pipeline Corporation (PPL CN, 3.3% AEDW) renewed its normal course issuer bid, authorizing equity buybacks up to 5% of shares outstanding through March 9, 2024.

Sources available upon request. **Please remember that all performance figures are showing net data.** Past performance is not indicative of future performance, and when you invest in ETFs your capital is at risk.

## Midstream Energy Performance

As of 31.03.2023

	1M	3M	6M	YTD	12M	2Y	3Y	SI
Alerian Midstream Energy Dividend UCITS ETF	-0.70%	0.20%	9.78%	0.20%	-0.50%	34.81%	N/A	82.47%
Alerian Midstream Energy Dividend Index (NTR)	-0.69%	0.01%	9.40%	0.01%	-1.11%	33.13%	138.42%	78.22%

**Please note that all performance figures are showing net data.** Source: Bloomberg / HANetf. Data as of 31/03/2023. Performance before inception is based on back tested data. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for the index is in USD. Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product. Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in this product. When you invest in ETFs and ETCs, your capital is at risk.

This report was written by, and is the opinion of VettaFi, the index provider of the Alerian Midstream Energy Dividend Index, the underlying index of MMLP. VettaFi does not issue, sponsor, endorse, sell, or promote MMLP.

### Product Details

The Alerian Midstream Energy Dividend UCITS ETF (MMLP) is a UCITS compliant Exchange Traded Fund domiciled in Ireland.

The fund seeks to provide diversified exposure to energy companies involved in the processing, transportation and storage of oil, natural gas and natural gas liquids in the US and Canadian markets and includes MLPs and C-corps.

It is the first UCITS ETF to provide exposure to the energy infrastructure sector via an Alerian index. By employing a synthetic strategy, MMLP enables efficient replication of the index.

Please remember that the value of your investment may go down as well as up and past performance is no indication of future performance.

Visit the [MMLP Fund Page](#) for more information.

Exchange	BBG Code	RIC	ISIN	Valoren	SEDOL	Currency	TER
London Stock Exchange	MMLP LN	MMLP.L	IE00BKPTXQ89	-	BMVFZ02	USD	0.40%
London Stock Exchange	PMLP LN	PMLP.L	IE00BKPTXQ89	-	BL96TT7	GBP	0.40%
Borsa Italiana	MMLP IM	MMLP.MI	IE00BKPTXQ89	-	BMHVZQ0	EUR	0.40%
Deutsche Boerse Xetra	JMLP GY	JMLP.DE	IE00BKPTXQ89	-	BMHVZP9	EUR	0.40%

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## The Issuers

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  - the precious metals ETCs under the terms in the base prospectus approved by both the Central Bank of Ireland ("CBI"), the UK Financial Conduct Authority ("FCA") and the final terms of the precious metals (together, "Metals ETC Prospectuses");
  - the carbon securities ETCs under the terms in the base prospectus approved by the UK Financial Conduct Authority ("FCA") and the relevant final terms of the carbon securities (together, "FCA Carbon ETC Prospectus"); and
  - the carbon securities ETCs under the terms in the base prospectus approved by the Central Bank of Ireland ("CBI") and the final terms of the carbon securities (together, "CBI Carbon ETC Prospectus").

Investors should read the latest versions of the relevant ETC prospectus before investing and should refer to the section of the relevant ETC prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the ETCs. Any decision to invest should be based on the information contained in the relevant ETC prospectus.

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The ETF Prospectus, Metals ETC Prospectus, FCA Carbon ETC Prospectus, CBI Carbon ETC Prospectus and Cryptocurrency Prospectus can all be downloaded from [www.hanetf.com](http://www.hanetf.com).

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