

Monthly Midstream Energy Market Report

June 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 31/05/2023

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

Midstream Energy ETF Key Takeaways

At the end of April, the Midstream Energy ETF's underlying index, AEDW, was yielding 7.40%. Companies with investment-grade credit ratings represent approximately 90% of the index by weighting.

At the end of May, MMLP's underlying index, AEDW, was yielding 7.79%. Companies with investment-grade credit ratings represent approximately 90% of the index by weighting.

Most AMEI constituents announced 1Q23 earnings in early May, with results largely positive relative to consensus expectations. Strong free cash flow generation and capital discipline remain a theme for the space, as companies continue to return capital to equity holders through growing dividends and buybacks.

Nearly 82% of AEDW constituents by weighting have grown their dividends on a year-over-year basis, meanwhile over 70% of constituents by weighting have a buyback authorization in place. AEDW constituents spent a combined \$893 million on buybacks in 1Q23.

AEDW declined -4.36% on a net total-return basis in May, as energy equities broadly sold off with lower oil and natural gas prices, but AEDW held up better than US and European energy benchmarks. The Energy Select Sector Index (IXE) was down -10.03% on a total-return basis in May as US oil and natural gas prices fell -11.32% and -5.97%, respectively. The STOXX 600 Europe Oil and Gas Index fell -7.44% on a price-return basis.

Midstream's fee-based business model provides more insulation from the weakness in oil and natural gas prices, which has supported more resilient performance for AEDW this year compared to broader energy.

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

Constituent News

Liquids pipelines that follow the US Federal Energy Regulatory Commission oil pipeline index will be able to raise rates by up to 13.3% on July 1, 2023 reflecting the elevated Producer Price Index for Finished Goods for 2022.

Pembina Pipeline Corporation (PPL, 3.10% AEDW) reported 1Q23 earnings above analyst estimates and raised its dividend by 2.3% to \$0.6675 per share. PPL announced a memorandum of understanding for an ammonia project with Marubeni.

ONEOK (OKE, 4.76% AEDW) has offered to acquire MLP Magellan Midstream Partners (MMP, 3.04% AEDW) in a cash-and-stock deal valued at \$18.8 billion. OKE offered \$25 in cash and 0.667 shares of OKE stock for each MMP unit, with the implied price of \$67.50 representing a 22% premium. The transaction value implies a 12.0x multiple to MMP's estimated 2024 EBITDA.

Equitrans Midstream Corp (ETRN, 1.49% AEDW) rose as the US debt ceiling negotiation included the approval of all permits necessary to complete the Mountain Valley Pipeline (MVP). ETRN is the operator of MVP with a 47.3% equity interest.

Cheniere Energy (LNG, 1.18% AEDW) signed a 20-year sale and purchase agreement with Korea Southern Power (KOSPO) in support of the Sabine Pass expansion project. KOSPO has agreed to purchase ~0.4 million tonnes per annum of liquefied natural gas beginning in 2027.

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 31.05.2023

	1M	3M	6M	YTD	12M	2Y	3Y	SI
Alerian Midstream Energy Dividend UCITS ETF	-4.22%	-2.77%	-7.17%	-1.88%	-6.32%	17.81%	N/A	78.68%
<i>Alerian Midstream Energy Dividend Index (NTR)</i>	<i>-4.36%</i>	<i>-2.94%</i>	<i>-7.48%</i>	<i>-2.25%</i>	<i>-6.92%</i>	<i>16.44%</i>	<i>62.63%</i>	<i>74.18%</i>

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/05/2023. 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 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").

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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.

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