

Monthly Midstream Energy Market Report

July 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 30/06/2023

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

Midstream Energy ETF Key Takeaways

At the end of June, the Midstream Energy ETF's underlying index, AEDW, was yielding 7.46%. Companies with investment-grade credit ratings represented 88.8% of the index by weighting.

AEDW rose 5.73% on a net total-return basis in June, outperforming the 2.09% price gain for the STOXX Europe 600 Oil and Gas Index (SXEP) during the month. For the first half of 2023, AEDW is up 3.34% on a net total-return basis, while the SXEP and the broad US energy benchmark are both down.

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

Strong free cash flow generation continues to be a theme as AEDW constituents execute on capital discipline and returning capital to investors. Excess cash flow has supported both dividend growth and buybacks. As of 30 June, nearly 82% of AEDW by weighting have grown their dividends on a year-over-year basis, meanwhile over 71% of the index by weighting have a buyback authorization in place. AEDW constituents spent a combined \$893 million on buybacks in 1Q23.

Looking ahead to the second half of 2023, midstream companies are expected to continue focusing on free cash flow and returning excess cash to investors. If commodity prices are volatile, midstream is likely to remain resilient due to its fee-based business model. Midstream earnings season will begin in mid-July providing another opportunity for companies to highlight the positive fundamentals in this space.

Constituent News

US interstate liquids pipelines that follow the Federal Energy Regulatory Commission's oil pipeline index were able to increase their rates by up to 13.3% on July 1. The index, which is based on the Producer Price Index for Finished Goods, saw its largest increase since the index began in 1995. [Read More](#)

Cheniere Energy Partners (CQP, 6.47% AEDW) began the pre-filing process for a Sabine Pass expansion in May 2023. Equinor has agreed to purchase ~0.9 million tons per annum (MTPA) for 15 years and ENN has agreed to purchase 0.9 MTPA for 20 years in support of the expansion project as announced in June.

Equitrans Midstream (ETRN, 1.60% AEDW) expects to complete construction of the Mountain Valley Pipeline by year-end 2023 at a total cost of \$6.6 billion. The legislation signed to raise the US debt ceiling included approval of all permits and authorizations needed to construct and begin operation of Mountain Valley.

Gibson Energy (GEI, 0.48% AEDW) announced the acquisition of the South Texas Gateway Terminal for USD \$1.1 billion. The terminal is the second-largest crude export facility in the US with permitted throughput capacity of 1 million barrels per day.

EnLink (ENLC, 0.74% AEDW) announced a transportation service agreement with Exxon in October 2022 for up to 10 million metric tons per year (MTA) of carbon dioxide. In June, Exxon announced that it had secured agreements to transport and store 5 MTA, with the transportation utilizing ENLC's pipelines.

Hess Midstream (HESM, 0.33% AEDW) repurchased approximately \$100 million of Sponsor Units from its parent company Hess Corporation (HES) and Global Infrastructure Partners. 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 ETF Performance

As of 30.06.2023

	1M	3M	6M	YTD	12M	2Y	3Y	SI
Alerian Midstream Energy Dividend UCITS ETF	5.72%	3.52%	3.73%	3.73%	13.46%	20.34%	N/A	88.90%
<i>Alerian Midstream Energy Dividend Index (NTR)</i>	5.73%	3.34%	3.35%	3.35%	12.72%	18.89%	81.42%	84.17%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 30/06/2023. 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 content in this document is issued by the relevant Issuer.

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- HANetf ICAV, an open-ended Irish collective asset management vehicle issuing under the terms in the Prospectus and relevant Supplement for the ETF approved by the Central Bank of Ireland (“CBI”) (“ETF Prospectus”) is the issuer of the ETFs. Investors should read the current version of the ETF Prospectus before investing and should refer to the section of the ETF Prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the ETFs. Any decision to invest should be based on the information contained in the ETF Prospectus.
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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”).

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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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