

# Monthly Midstream Energy Market Report

August 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 31/07/2023

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

## Midstream Energy ETF Key Takeaways

At the end of July, the underlying index for the Midstream Energy ETF, AEDW, was yielding 7.30%. Companies with investment-grade credit ratings represented 89.3% of the index by weighting.

AEDW gained 3.47% on a net total-return basis in July, in line with the 3.51% price return for the STOXX Europe 600 Oil and Gas Index (SXEP) during the month. Year-to-date through 31 July, AEDW is up 6.93% on a net total-return basis, while the SXEP and the broad US energy benchmark are both down on a price-return basis. Midstream's fee-based business model has been supportive for performance this year given lower commodity prices relative to 2022.

US oil prices saw a significant rebound in July, ending the month up just over 15%. The rally in oil prices was largely attributed to an improving economic outlook, while OPEC+ production cuts are also helping tighten market fundamentals. Higher oil prices have helped improve energy sentiment to the benefit of energy infrastructure.

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 31 July, nearly 81% 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 remainder of 2023, midstream companies are expected to continue focusing on free cash flow and returning excess cash to investors. Stronger commodity prices could act as a tailwind for the space. However, if commodity prices are volatile, midstream is likely to remain resilient due to its fee-based business model. Midstream earnings season began in mid-July, providing companies another opportunity to highlight generous returns to shareholders.

## Constituent News

Energy Transfer (ET, 10.07% AEDW) signed three non-binding Heads of Agreement (HOA) for long-term LNG offtake from its proposed Lake Charles LNG project for a combined 3.6 million tonnes per annum.

Enterprise Products Partners (EPD, 9.76% AEDW) increased its distribution to be paid in August by 2.0% to \$0.50 per common unit and repurchased \$75 million in units during 2Q23.

Kinder Morgan (KMI, 7.93% AEDW) reported 2Q23 earnings in line with expectations and repurchased \$203.4 million in equity, bringing its total buyback spend to \$329.9 million through the first half of the year.

TC Energy (TRP CN, 8.02% AEDW) sold a 40% interest in certain natural gas pipeline assets to Global Infrastructure Partners for \$3.9 billion to help meet its deleveraging goals. The company will also spin off its liquids pipeline business as a separate public company, expecting to complete the transaction in 2024.

Western Midstream (WES, 2.42% AEDW) announced a base quarterly distribution of \$0.5625 per common unit, representing a 12.5% increase quarter-over-quarter.

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 31.07.2023

	1M	3M	6M	YTD	12M	2Y	3Y	SI
<b>Alerian Midstream Energy Dividend UCITS ETF</b>	3.40%	4.70%	2.18%	7.25%	6.51%	30.10%	93.81%	95.31%
<i>Alerian Midstream Energy Dividend Index (NTR)</i>	3.46%	4.62%	1.89%	6.93%	5.92%	28.68%	89.61%	90.54%

**Please note that all performance figures are showing net data.** Source: Bloomberg / HANetf. Data as of 31/07/2023

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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  - ii. 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
  - iii. 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](http://www.hanetf.com).

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