

Monthly Midstream Energy Market Report

September 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 31/08/2023

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

Midstream Energy ETF Key Takeaways

At the end of August, the underlying index for the Midstream Energy ETF, AEDW, was yielding 7.0%. Companies with investment-grade credit ratings represented 89.1% of the index by weighting.

AEDW was essentially flat in August (-0.06%) on a net total-return basis, while the STOXX Europe 600 Oil and Gas Index (SXEP) gained 0.9% on a price-return basis. Year-to-date through 31 August, AEDW is up 6.87% on a net total-return basis, outperforming the small loss for the SXEP on a price-return basis.

Midstream companies finished announcing second quarter earnings in early August. While results were generally mixed, companies continued to return cash to shareholders through dividends and buybacks.

Five constituents, representing 23.9% of the index by weighting, increased their payouts sequentially, with MLPs primarily providing growth this quarter. As of 31 August, over 85% of index constituents by weighting grew dividends on a year-over-year basis.

AEDW constituents collectively repurchased \$1.3 billion of equity in 2Q23, bringing the total buybacks for 1H23 to \$2.3 billion. Approximately 70% of AEDW constituents by weighting have a buyback program in place.

US oil prices continued their march higher in August with a small gain. The improvement in oil prices in July and August has been supportive for energy sentiment broadly. However, midstream has outperformed broad energy benchmarks in the US and Europe thus far in 2023 due in part to its fee-based business model and relative insulation from volatile commodity prices. Midstream companies remain well positioned if oil prices continue to strengthen but can also provide more defensive energy exposure if the commodity weakens.

Consolidation has remained a key theme within the energy sector in 2023, including midstream. A handful of MLPs have pending mergers. The inclusion of MLPs with US and Canadian C-Corps in MMLP's underlying index results in greater diversification relative to competing products that focus solely on MLPs.

Looking ahead to the balance of 2023, midstream companies are poised to continue generating free cash flow, which has supported dividend growth and buybacks. Midstream remains well positioned in an uncertain commodity price environment as fee-based business models support stable cash flows, while free cash flow provides company-level tailwinds.

Constituent News

Energy Transfer (ET, 10.27% AEDW) announced a definitive agreement to acquire Crestwood Equity Partners (CEQP, 0.87% AEDW) in an all-equity deal valued at approximately \$7.1 billion.

ONEOK (OKE, 5.36% AEDW) reported strong earnings for the second quarter and raised its 2023 EBITDA guidance by \$100 million at the midpoint.

Enterprise Products Partners (EPD, 9.86% AEDW) reported earnings for the second quarter of 2023 in line with expectations and repurchased \$75 million in equity during the quarter.

Cheniere Energy (LNG1.25% AEDW) reported second quarter earnings ahead of consensus expectations and raised 2023 EBITDA guidance by \$100 million at the midpoint. Cheniere repurchased \$337 million in equity during the second quarter.

Keyera (KEY CN, 1.08% AEDW) increased its quarterly dividend by 4.2% to \$0.50 per common share.

Plains All American (PAA, 2.44% AEDW and PAGP, 0.68% AEDW) reported strong earnings for the second quarter, beating consensus estimates. Plains closed a bolt-on deal in the Permian basin for \$225 million and expects to finish 2023 at the higher end of its guidance range.

Sources available upon request. Data as of 31.08.2023. 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 31.08.2023

	1M	3M	6M	YTD	12M	2Y	3Y	SI
Alerian Midstream Energy Dividend UCITS ETF	0.23%	9.56%	6.52%	7.49%	6.72%	32.99%	89.91%	95.75%
<i>Alerian Midstream Energy Dividend Index (NTR)</i>	<i>-0.06%</i>	<i>9.33%</i>	<i>6.11%</i>	<i>6.86%</i>	<i>5.99%</i>	<i>31.34%</i>	<i>85.59%</i>	<i>90.43%</i>

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/08/2023

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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