

The Alerian Midstream Energy Infrastructure UCITS ETF | MMLP

Point of Difference versus US-listed ETPs

The following tables highlight the key differences and similarities between the European-listed Alerian ETF and the largest US-listed midstream energy ETFs. It is intended for European investors who are comparing an investment in MMLP to an investment in a US product.

Comparing Products (For illustrative purposes only)

Exchange Traded Product	Alerian Midstream Energy Dividend UCITS ETF	Alerian MLP ETF	JP Morgan Alerian MLP Index ETN	Global X MLP ETF	Global X MLP & Energy Infrastructure ETF	First Trust North American Energy Infrastructure Fund	Tortoise North American Pipeline Fund
Ticker	MMLP LN	AMLP US	AMJ US	MLPA US	MLPX US	EMLP US	TPYP US
Primary Exchange	London Stock Exchange	NYSE Arca	NYSE Arca	NYSE Arca	NYSE Arca	NYSE Arca	NYSE Arca
Active or Passive	Passive	Passive	Passive	Passive	Passive	Active	Passive
Replication Method	Synthetic	Physical	Synthetic	Physical	Physical	Physical	Physical
Product Type	ETF	ETF	ETN	ETF	ETF	ETF	ETF
Product Domicile	Ireland	United States	United States	United States	United States	United States	United States
Product Structure	UCITS Fund	40 Act Fund	Exchange Traded Note	40 Act Fund	40 Act Fund	40 Act Fund	40 Act Fund
Fund-level Taxation	No	Yes ¹	N/A	Yes ¹	No	No	No
Total Expense Ratio	0.40%	0.85%	0.85%	0.46%	0.45%	0.96%	0.40%
Combined Weight of Top Ten Fund Holdings	76%	81.8%	N/A	77%	76%	54%	57.3%
Canadian Exposure	23%	-	-	-	31%	20%	28%
MLP Exposure	48%	100%	100%	100%	21%	23%	17%
Utilities Exposure	-	-	-	-	-	42%	27%

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	MMLP LN	AMPLP US	AMJ US	MLPA US	MLPX US	EMLP US	TPYP US
Yield*	10.54%	12.47%	13.08%	13.59%	9.20%	5.26%	7.61%
Withholding Tax Treatment and Key Risks	European investors receive gross distributions from the underlying MLPs, saving 30% on average compared to investing in a US-listed MLP ETF.	<p>-Most European investors pay a 30% withholding tax on dividends paid by US-listed ETFs. For high yielding products, this can be quite significant.</p> <p>- European investors are required to fill out a W-8BEN form when buying US-listed securities subject to withholding tax and may need to report the income on IRS Form 1099.</p> <p>- Investors are also liable to file Form 13F disclosures under SEC regulations.</p>	<p>-An ETN is a promissory note which exposes investors to credit risk of JPMorgan.</p> <p>- The ETNs are subject to a maximum issuance limitation of 129,000,000 ETNs, which may cause the ETNs to trade at a premium relative to their Intraday Intrinsic Value. Investors that pay a premium could incur significant losses if they sell the ETNs at a time when some or all of the premium is no longer present.</p>	<p>-Most European investors pay a 30% withholding tax on dividends paid by US-listed ETFs. For high yielding products, this can be quite significant.</p> <p>- European investors are required to fill out a W-8BEN form when buying US-listed securities subject to withholding tax and may need to report the income on IRS Form 1099.</p> <p>- Investors are also liable to file Form 13F disclosures under SEC regulations.</p>	<p>-Most European investors pay a 30% withholding tax on dividends paid by US-listed ETFs. For high yielding products, this can be quite significant.</p> <p>- European investors are required to fill out a W-8BEN form when buying US-listed securities subject to withholding tax and may need to report the income on IRS Form 1099.</p> <p>- Investors are also liable to file Form 13F disclosures under SEC regulations.</p>	<p>-Most European investors pay a 30% withholding tax on dividends paid by US-listed ETFs. For high yielding products, this can be quite significant.</p> <p>- European investors are required to fill out a W-8BEN form when buying US-listed securities subject to withholding tax and may need to report the income on IRS Form 1099.</p> <p>- Investors are also liable to file Form 13F disclosures under SEC regulations.</p>	<p>-Most European investors pay a 30% withholding tax on dividends paid by US-listed ETFs. For high yielding products, this can be quite significant.</p> <p>- European investors are required to fill out a W-8BEN form when buying US-listed securities subject to withholding tax and may need to report the income on IRS Form 1099.</p> <p>- Investors are also liable to file Form 13F disclosures under SEC regulations.</p>

All data as of 3/31/20 except as noted.

Source: Bloomberg, Alerian, JPMorgan, Global X, Solactive, First Trust.

*Yields as of 5/15/2020 per Bloomberg.

¹ Any fund with over 25% in MLPs is taxed as a C-Corp for federal income tax.

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Comparing Indices (For illustrative purposes only)

Underlying Index	Alerian Midstream Energy Dividend Index	Alerian MLP Infrastructure Index	Alerian MLP Index	Solative MLP Infrastructure Index	Solactive MLP & Energy Infrastructure Index	EMLP US -N/A as actively managed	Tortoise North American Pipeline Index
Index Ticker	AEDWN	AMZI	AMZ	MLPAMID	SOLMLPX	-	TNAP
Number of Constituents	33	21	32	20	31	49 **	61
Investment-grade Weighting	84.80%	69.30%	64.20%	59.16%	74.96%	88.89% **	N/A
Index Description	Fundamentally-weighted index based on the liquid, dividend-paying portion of the North American energy infrastructure market. The 10% capped, dividend-weighted index reflects the proportionate share of aggregate annual cash distributions each company is expected to pay.	Composite of energy infrastructure Master Limited Partnerships (MLPs). Weighted based on float-adjusted market capitalization with a 10% cap. Constituents must be a publicly traded partnership or limited liability company, earn the majority of their cash flows from qualifying midstream activities involving energy commodities, declared a distribution for the trailing two quarters, and have a median daily trading volume of at least \$5 million to be added (\$4 million to remain).	Composite of energy infrastructure Master Limited Partnerships (MLPs). Weighted based on float-adjusted market capitalization with a 10% cap. Constituents must be a publicly traded partnership or limited liability company, earn the majority of their cash flows from qualifying midstream activities involving energy commodities, and have a market cap of at least \$75 million.	Index includes Master Limited Partnerships (MLP) that are engaged in, own and operate assets used in energy logistics. Weighted based on free float market cap. Name with highest free float market cap is weighted at 10%, next highest at 9%, and so on until the sixth largest name is capped at 5%. Constituents are subject to a minimum \$2 billion market cap, \$2.5 million average daily volume and must maintain or grow their dividend in one of the two previous quarters. Criteria can be relaxed to meet minimum of 20 constituents.	Index includes MLPs and energy infrastructure corporations. Weighted based on free floating market cap with MLPs in aggregate weighted at 24% and individual MLPs capped at 4.5%. The three non-MLPs with the largest free float market cap are weighted at 9%, fourth largest 8%, fifth largest 7%, and sixth largest 6.5%. All other non-MLP names are capped at 4.5%.	-	The index is a float-adjusted, capitalization weighted index of pipeline companies headquartered in the United States and Canada. This includes pipeline companies structured as corporations, limited liability companies and master limited partnerships (MLPs). Constituents must maintain a minimum market cap of \$175 million and trade on the NYSE, NASDAQ, or Toronto Stock Exchange.

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							MLPs are limited to 20% of index value at most.
Reconstituted	Annually	Quarterly	Quarterly	Quarterly	Quarterly	-	Quarterly
Rebalanced	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	-	Quarterly

All data as of 3/31/20 except as noted. Source: Bloomberg, Alerian, JPMorgan, Global X, Solactive, First Trust.

*Yields as of 5/15/2020 per Bloomberg.

** Reflects fund data.

Additional observations and comments

- **Tax drag:** Due to regulations in the US, ETFs typically consist of 80-100% MLPs or up to 25% MLPs. Any ETF with over 25% MLPs will be taxed as a corporation (typically 23.5% on income and 23.8% on capital gains). In an environment where MLPs are gaining, these ETFs may experience tax drag. Given the fund-level taxation, it generally does not make sense to have an ETF with 40% MLPs in the US (tax drag and lower yield). This marks a difference between the Alerian UCITS ETF and the US-listed ETFs. MMLP's 48% weight to MLPs and 23% weight to Canadian C-Corps is more consistent with the actual makeup of the North American midstream universe.
- **Tax advantages for US investors:** For US investors, MLP ETFs maintain the tax advantages of their underlying holdings, namely the potential for tax-deferred yield. For this reason, ETFs such as AMLP and MLPA tend to make more sense in taxable accounts because the distributions are already tax advantaged.
- **Product Yield:** For MLP-related products in general, the higher the weighting to MLPs, the higher the product's yield. Some of the RIC-compliant ETFs (those with MLPs capped at 25% or less) own utilities. Utilities are more defensive but they also have lower yields. A drawback of the utility exposure is that it may overlap with other allocations in a portfolio, causing duplicate exposure.
- **ETN Advantages and Disadvantages:** ETNs are unsecured debt obligations, which carry credit risk, and the fee is taken from the coupons. The advantage of ETNs is little to no tracking error of the underlying index, much like a synthetically replicated ETF in Europe. Investors don't have to worry about tax drag with an ETN like they would if owning an ETF based off the same index. However, the income from an ETN is not tax-advantaged like a similar ETF. From a US perspective, because of how coupons are taxed, ETNs are more suitable for tax-advantaged accounts.
- **Impact of Canadian Midstream Companies:** The Canadian midstream names tend to be more defensive and performed well in 2019. The large Canadian names (ENB, TRP) own considerable assets in the US. Canadian names pay dividends based on CAD, adding currency exposure.

Risks of Trading Midstream Energy and MLP ETFs

As with all investments, your capital is at risk and you may not get back the full amount you invested. Past performance is no guarantee of future performance. The product may not be a suitable investment for all investors and each investor should determine the suitability of its investment in light of their own circumstances. For a full list of risks associated with the MMLP product, please consult the prospectus.

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MMLP Product Details

If you would like more information about MMLP, please visit the MMLP Fund page.

For further details, please contact a member of the HANetf team on +44 (0) 203 794 1800 or email info@hanetf.com

Exchange	Bloomberg Code	RIC	ISIN	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 Issue Documentation, ETF Prospectus and Bitcoin Prospectus can all be downloaded from www.hanetf.com.

The decision and amount to invest in any Product should take into consideration your specific circumstances after seeking independent investment, tax and legal advice. "

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