Monthly Midstream Energy Market Report

January 2025

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 31/12/2024
This report was written by, and is the opinion of, the AEDW Index provider VettaFi.

Midstream Energy Dividend ETF Key Takeaways

Midstream's positive momentum from 2024 looks poised to continue into 2025. In December, multiple MMLP holdings provided financial outlooks for 2025 with most expecting moderate EBITDA growth. A few names also announced dividend increases for 2025.

The underlying index for the Midstream Energy ETF, the Alerian Midstream Energy Corporation Dividend Index (AMCCD), returned -6.49% on a net-total-return basis for the month. US stocks broadly fell as the S&P 500 lost 2.4%. The US energy sector was particularly weak, with the Energy Select Sector Index (IXE) down 9.5% on a total-return basis.

For full-year 2024, AMCCD's net total return of 42.2% noticeably outperformed the total returns for the S&P 500 (+25.0%) and IXE (+5.7%). Meanwhile, the Stoxx Europe 600 Oil & Gas Index (SXEP) ended the year down modestly.

Looking ahead to 2025, company-level tailwinds from free cash flow generation remain intact. Even with new growth opportunities related to rising natural gas demand, midstream corporations are largely expected to generate free cash flow. Dividend growth will remain a top priority with the chart below showing expected year-over-year growth based on company commentary. Buybacks will likely be opportunistic, with 71.8% of AMCCD having an equity repurchase authorization.

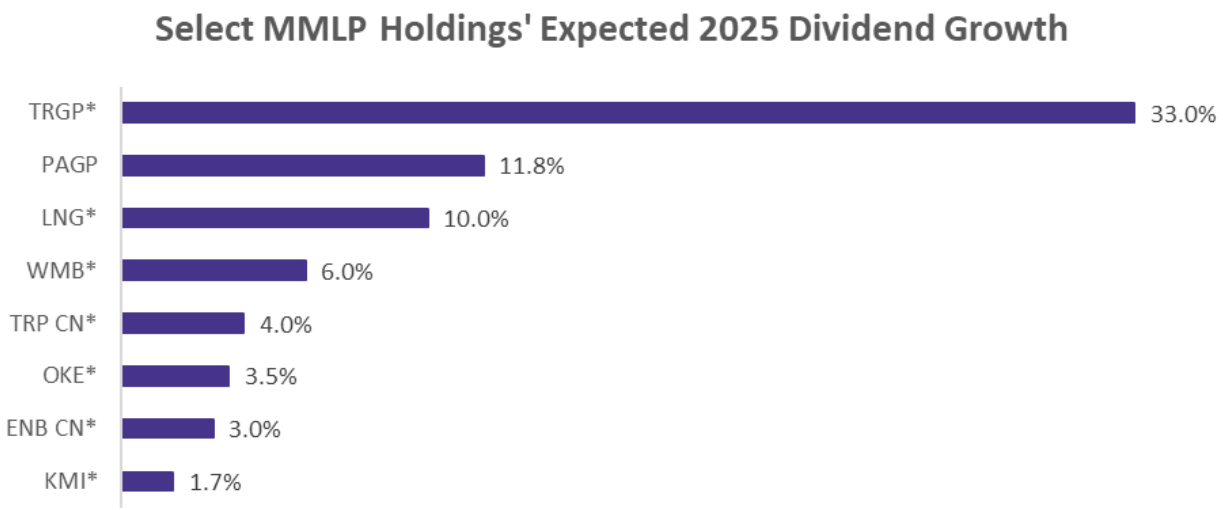
Investors will be looking for more updates on growth projects related to natural gas in 2025 given the expected step-change in US natural gas demand over the coming years. Incremental demand is driven by rising exports, including liquefied natural gas (LNG), as well as power generation, which includes data centers. Midstream represents a compelling way to play this multi-year theme as companies stand to benefit from growing demand and the incremental production needed to meet that demand.

From a macro perspective, US oil and natural gas production is expected to grow moderately in 2025. Canadian energy production is also likely to grow thanks to new takeaway capacity for oil and natural gas. Incremental volumes can be positive for midstream.

Turning to commodities, the outlook for oil remains somewhat cautious given an amply-supplied global market, while there tends to be more optimism around US natural gas price improvement. Midstream's fee-based businesses provide insulation from commodity price volatility, and investors may prefer midstream for its defensiveness in 2025 given a muted oil outlook.

Additional sources available upon request. Data as of 31/12/2024. 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.

Select MMLP holdings' expected 2025 dividend growth



*indicates company is a top 10 MMLP holding.
Source: VettaFi; company reports as of 31/12/2024. Chart displays expected data. For illustrative purposes only.

Constituent News

Kinder Morgan (KMI 10.38% Weight) expects to raise its dividend by 1.7% in 2025 and forecasted adjusted EBITDA of $8.3 billion, which represents a 4% increase relative to their 2024 adjusted EBITDA forecast.

KMI sanctioned the Mississippi Crossing project for its Tennessee Gas Pipeline, adding 1.5 billion cubic feet per day (Bcf/d) of incremental natural gas transportation capacity into the Southeast. The $1.4-billion project is expected to come online in late 2028. KMI expects to announce additional growth projects in the coming months.

Enbridge Inc (ENB CN, 10.25% Weight) increased its dividend by 3% and guided to $19.7 billion in adjusted EBITDA for 2025 at the midpoint. The company expects 2024 adjusted EBITDA around $18.3 billion, implying 7.7% growth for 2025.

Pembina Pipeline Corporation (PPL CN, 9.30% Weight) guided to 2025 adjusted EBITDA of $4.35 billion at the midpoint, which represents 1.8% growth relative to the midpoint of 2024 guidance.

Kinetik Holdings (KNTK, 4.14% Weight) acquired natural gas and oil gathering systems in the Permian Basin in West Texas from Permian Resources Corporation (not in MMLP) for $180 million, adding to its existing gathering footprint.

Cheniere Energy (LNG, 3.88% Weight) announced first LNG at its Corpus Christi Stage 3 expansion and expects to substantially complete the first seven trains by the end of 1Q25.

Keyera Corp (KEY CN, 2.82% Weight) announced a buyback authorization for up to ~2.5% of its common shares and provided guidance for fee-based adjusted EBITDA growth of 7-8% for 2024 through 2027.

Additional sources available upon request. Weightings as of 31/12/2024.

Midstream Energy Dividend ETF Performance

As of 31/12/2024

	1M	3M	6M	YTD	12M	3Y	SI
Alerian Midstream Energy Dividend UCITS ETF	**-6.49%**	**7.88%**	**15.34%**	**32.19%**	**32.19%**	**80.82%**	**173.04%**
*Alerian Midstream Energy Corporation Dividend Index**	*-6.46%*	*8.12%*	*16.96%*	*34.13%*	*34.13%*	*81.47%*	*169.60%*

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/12/2024
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 fund changed its index on the 24th October 2024, from the Alerian Midstream Energy Dividend Index to the Alerian Midstream Energy Corporation Dividend Index. The index performance is a composite of the old index prior to this date and the new index after.

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 relevant ETF Prospectuses, ETC Securities Documentation, and Cryptocurrency Prospectus can all be downloaded from www.hanetf.com.

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