



Index Methodology Guide

Alerian MLP Index (AMZ)

Version 15.1.1

31 July 2020

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// Company Background

About the Index

The Alerian MLP Index is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

About Alerian

Alerian is an independent information services company serving asset managers and investment professionals around the globe through its indexing, research and data capabilities. Built on a foundation of data rigor and specialty research, Alerian pioneered how the master limited partnership (MLP) asset class is measured and created the first real-time MLP index—the Alerian MLP Index-- the most widely used benchmark for midstream MLP energy. Today, Alerian continues to innovate, delivering indexes, tools, thought leadership, and actionable insights that equip stakeholders to make informed decisions.

// Security Data

Documents

The following documents are used to calculate units outstanding and investable weight factors.

- Press releases
- Annual reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (10-K, 20-F)
- Quarterly reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (10-Q, 6-K)
- Certain registration statements pursuant to Rules 415 and 462 of the Securities Act of 1933 (S-1, S-3)
- Prospectuses and prospectus supplements pursuant to Rule 424(b)
- Proxy statements pursuant to Section 14(a) of the Securities Exchange Act of 1934 (DEF 14A)
- Current reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (8-K, 6-K)

Schedules pursuant to the Securities Exchange Act of 1934 (13D, 13G), forms pursuant to Section 16(a) of the Securities Exchange Act of 1934 (4), and certain registration statements pursuant to the Securities Act of 1933 (S-8) are not used in the aforementioned calculations.

Units Outstanding

Units included in the calculation of units outstanding include, but are not limited to, common units, subordinated units, special class units, and paid-in-kind units. Units excluded from the calculation of units outstanding are general partner (“GP”) units, management incentive units, and tradable, non-common units.

This number generally reflects that which is represented by the latest annual or quarterly report, unless otherwise indicated by a press release or Securities and Exchange Commission (“SEC”) document filed pursuant to a transaction. The following is a non-exhaustive list of qualifying transactions and the point at which they are reflected in a security’s units outstanding.¹

Qualifying Transaction	Reflected in Units Outstanding
Follow-on public equity offerings	Time of pricing
Over-allotment option exercises	Earlier of time of press release or current report
Private investments in public equity (“PIPEs”) ²	Time of closing
Unit repurchases	Earlier of time of press release or current report
At-the-market (“ATM”) equity offerings	As reported in periodic reports, prospectuses, or proxies

Investable Weight Factors

A security’s investable weight factor (“IWF”) is calculated as follows.

$$\frac{(\text{Units outstanding} - \text{Non-common units} - \text{Unregistered common units} - \text{Insider-owned common units})}{\text{Units outstanding}^3}$$

// Constituent Criteria

Constituent Criteria

- Be a publicly traded partnership or limited liability company (“LLC”)
- Earn the majority of its cash flow from qualifying midstream activities involving energy commodities⁴
- Have a market capitalization of at least \$75 million

Publicly traded preferred units and institutional shares are not eligible for index inclusion. A non-constituent will only be added to the index during the (a) quarterly rebalancing process if it meets all criteria, or (b) special rebalancing process if it (i) is acquiring the constituent that is being removed, and (ii) meets all criteria. Constituents will only be removed from the index for failing to meet criteria during the quarterly rebalancing process. These criteria are reviewed regularly to ensure consistency with industry trends.

// Index Calculations

Index Equations

The index is calculated by S&P Dow Jones Indices as follows:

- [Initial Divisor] = [Base Date Index Market Capitalization] / 100
- [Index Value] = [Index Market Capitalization] / Divisor
- [Post-Rebalance Divisor] = [Post-Rebalance Index Market Capitalization] / [Pre-Rebalance Index Value]

Index Rebalancings

Quarterly rebalancings occur on the third Friday of each March, June, September, and December, and are effective at the open of the next trading day. In the event that the major US exchanges are closed on the third Friday of March, June, September, or December, the rebalancing will take place after market close on the immediately preceding trading day. Data relating to constituent eligibility, additions, and deletions are analyzed as of 16:00 ET on the last trading day of February, May, August, and November. The index shares of each constituent are then calculated according to the capping system described below and implemented after market close on the quarterly rebalancing date.

After market close on the Thursday prior to the second Friday of each March, June, September, and December, the post-rebalancing constituents are weighted and ranked by float-adjusted market capitalization (AMC). If the weight of the largest constituent exceeds 10%, it is assigned a weight of 10% and its excess weight is proportionately distributed to the remaining constituents. After this distribution, if the weight of the next largest constituent exceeds 10%, it is assigned a weight of 10% and its excess weight is proportionately distributed to the remaining constituents. This process is repeated until none of the remaining constituents has a weight that exceeds 10%. Since index shares are assigned based on prices after market close on the Thursday prior to the 2nd Friday of each March, June, September, and December, the weight of each constituent on the quarterly rebalancing date may differ from its target weight due to market movements.

Ongoing Maintenance and Handling of Corporate Actions

In addition to the scheduled quarterly rebalancings, the index is reviewed on an ongoing basis. Changes in index composition and related weight adjustments are necessary whenever there are extraordinary events. Corporate actions will be implemented as practically as possible on a case-by-case basis. Whenever possible, the changes in the index's components will be announced at least two business days prior to their implementation day.

Mergers

If two index constituents merge, the surviving stock will assume the combined weight of the original constituents. If an index constituent is taken over by a non-constituent stock, it will be removed from the index and its weight will be redistributed to all the remaining constituents on a proportional basis. Generally, the implementation will take place one trading day after the constituent's merger vote date. If the stock is delisted before market open on the first trading day after the vote, the delisted security will trade at its last traded price.

Delistings

If an index component is delisted, it will be removed from the index and its weight will be redistributed to all the remaining constituents on a proportional basis.

Treatment of Distributions

The price-return index does not account for cash distributions. The total-return index accounts for cash distributions by reinvesting them across the index after market close on the ex-dividend date.

Base Date

The base date for the index is 29 December 1995, with a base value of 100. Data prior to the live launch was back-tested by rigorously applying then-current index methodology to each historical rebalancing date to select and weight constituents. A back-filled or back-casted methodology can result in the exclusion of acquired, merged, or delisted companies and distort historical performance.

// Supporting Information

Holiday Schedule

The index is calculated when US equity markets are open.

Announcements

Constituent changes related to quarterly rebalancings will be announced at 08:30 ET on the second Friday of March, June, September, and December. Constituent changes related to special rebalancings resulting from mergers will be announced at 08:30 ET on the last trading day prior to the last required merger vote. Constituent changes related to special rebalancings resulting from other types of delistings will be handled on a case-by-case basis. Index methodology changes, if any, will be announced after market close on the last trading day of the month. Announcements can be found at alerman.com.

Index Committee

The Alerian Index Series is managed by an Index Committee that reviews all methodology modifications to ensure that they are made objectively and without bias. The committee is composed of full-time professional members of Alerian's staff and board, convenes on a quarterly basis, and is responsible for overseeing the development and applications of the methodology. If the index methodology does not provide a clear process for the management of any situation, the committee will determine the process to be followed. Information regarding methodology modifications and constituent changes is considered to be material and can have an impact on the market. Consequently, all committee discussions are confidential.

Data Integrity

Alerian uses various quality assurance tools to monitor and maintain the accuracy of its data. While every reasonable effort is made to ensure data integrity, there is no guarantee against error. Adjustments to incorrect data will be handled on a case-by-case basis depending on the significance of the error and the feasibility of a correction. Incorrect intraday ticks of the index resulting from data errors will not be corrected.

Contact Information

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// End Notes

1. The word “reflected” here means for index share calculation and constituent selection purposes only. Changes to units outstanding and IWFs, as it relates to calculating the index, only occur after market close on rebalancing dates, stock dividends and splits excepted.
2. Unless a lock-up period has been specified, common units issued in a PIPE transaction are considered to be freely tradable upon the earlier of (a) the effectiveness date of the accompanying SEC registration statement or (b) 180 days after the transaction close, pursuant to SEC Rule 144.
3. For the purposes of this calculation, insider-owned common units are those which are included in “Security Ownership of Certain Beneficial Owners and Management” of a company’s latest annual report or proxy. This number is frequently expressed as, or is similar to, “All directors and named executive officers as a group”, plus common units owned by GPs and/or persons or entities with board representation. Though insiders file Forms (4) and Schedules (13) to indicate changes to their ownership position between annual reports and proxies, they are not factored into the calculation. Other documents (such as press releases, 8-Ks, and prospectus supplements) indicating changes to ownership by a GP are factored into the calculation immediately.
4. The following Energy MLP Classification Standard (EMCS(SM)) activities are considered qualifying: Gathering & Processing, Liquefaction, Pipeline Transportation, Rail Terminaling, and Storage. Majority of cash flow is calculated on a trailing-four-quarter basis using a company’s reported business segments. Exceptions may be made on a case-by-case basis to accelerate the eligibility or ineligibility of companies that have been transformed by a recent acquisition. Cash flow from a partnership’s GP interest or incentive distribution rights in another publicly traded partnership or LLC is zeroed for the purposes of this determination.

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