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MLP Monthly Report: November 2022

The [November MLP Monthly Report can be found here](#) offering insights on MLP industry news, the asset class's performance, yields, valuations, and fundamental drivers.

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Summary

News:

1) Enbridge and Plains acquired WES's 15% interest in Cactus II Pipeline, LLC for an aggregate amount of \$265 million. Plains and Enbridge are now the sole owners of Cactus II, with 70% and 30% ownership interests, respectively. Plains will remain the operator. Cactus II, in partnership with Enbridge's Ingleside Energy Center, offers a premier and industry-leading solution for delivering abundant, responsibly produced North American energy supplies to the US Gulf Coast and global markets. The acquisition announced is a major development in the US Gulf Coast's plan to streamline the flow of oil from the expanding Permian Basin to international markets.

2) The G7 nations are finalizing plans to impose a cap on Russian oil prices rather than a discount to a benchmark; this will be effective from December 5. This is despite a warning from the World Bank that any plan would require the active participation of emerging-market economies, particularly China and India, the largest buyers of Russian crude. The decision is intended to ensure that sanctions imposed by the EU and the US to limit Moscow's ability to fund its invasion of Ukraine do not choke the global oil market. This would also increase market stability and simplify compliance, reducing the burden on market participants.

3) US diesel and heating oil inventories are at historic lows, forcing up costs for fuels vital to industry, freight, farming, and many families. Fuel inventories haven't been this low since 1951. Diesel stocks are shrinking amid constant demand and increased exports to Europe to offset Russian supplies. European restrictions on seaborne Russian crude oil are set to tighten in December and be extended to refined goods in February, worsening pressure on US inventories. These changes threaten US-European bidding wars for supplies. Diesel is vital to US industry, construction, and transportation. Recent refinery closures have reduced domestic supplies. Strong product demand, low inventories, and US energy cost advantages continue to underpin refining profit margins.

Sources: Western Midstream Partners, LP. (2022, November 2). Western midstream partners, Enbridge and Plains announce Cactus ii pipeline transaction.; Slav, I. (2022, November 4). The G7 will set a fixed price on Russian oil. Oilprice.; Chu, A. (2022, November 17). US diesel and heating oil stocks scrape lows before winter. Financial Times.

Performance: Midstream MLPs, as measured by the Solactive MLP Infrastructure Index, increased by 13% last month. The index increased by 30.68% since last October. (Source: Bloomberg)

Yield: The current yield on MLPs stands at 7.22%. MLP yields remained higher than the broad market benchmarks for Investment Grade Bonds (5.93%) and lower than the Fixed Rate Preferreds (7.38%), Emerging Market Bonds (8.50%) and High Yield Bonds (9.14%).¹ MLP yield spreads versus 10-year Treasuries currently stand at 2.77%, lower than the long-term average of 5.66%.² (Sources: Bloomberg;



Board of Governors of the Federal Reserve System. (2022, October 31). Preformatted package: Treasury constant maturities [Data set]. Data Download Program.)

Valuations: The Enterprise Value to EBITDA ratio (EV-to-EBITDA), which seeks to provide more color on the valuations of MLPs, increased by 7.14% last month. Since October 2021, the EV-to-EBITDA ratio is up by approximately 0.46%. (Source: Bloomberg)

Crude Production: The Baker Hughes Rig Count increased to 768 rigs, increasing by 3 rigs from last month's count of 765 rigs. US production of crude oil decreased to 11.900 mb/d in the last week of October compared to September levels of 12.000 mb/d. (Sources: Baker Hughes. (2022, November 11). North America rig count.; U.S. Energy Information Administration. (2022, November 11). Petroleum and other liquids.)

Global X MLP ETF (MLPA) Inception Date 04/18/2012					
As of 9/30/2022	Since Fund Inception	1-Year	5-Years	10-Years	Annualized Since Fund Inception
NAV	0.19%	20.39%	0.28%	-0.36%	0.02%
Market Price	0.31%	20.53%	0.35%	-0.37%	0.03%
MLPAMIDG Index	15.72%	21.26%	0.81%	0.79%	1.41%
Total Expense Ratio	0.45%				
<p><i>The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 1.888.493.8631, or visit www.globalxetfs.com.</i></p>					

For performance data current to the most recent month- and quarter-end, please click [here](#).

As of 10/31/2022, Western Midstream, LP (WES) was a holding in the Global X MLPA ETF (MLPA) with a 7.51% weighting. Plains All American Pipeline, LP (PAA) was a holding in Global X MLPA ETF (MLPA) with a 6.39% weighting.

MLPA does not have any holding in Enbridge, Inc (ENB), Plains GP Holdings, LP (PAGP), Cactus II Pipeline, LLC.

DEFINITIONS

Solactive MLP Infrastructure Index: The Solactive MLP Infrastructure Index is intended to give investors a means of tracking the performance of the energy infrastructure MLP asset class in the United States. The index is composed of Midstream MLPs engaged in the transportation, storage, and processing of natural resources.



S&P MLP Index: S&P MLP Index provides investors with exposure to the leading partnerships that trade on the NYSE and NASDAQ. The index includes both master limited partnerships (MLPs) and publicly traded limited liability companies (LLCs), which have a similar legal structure to MLPs and share the same tax benefits

Bloomberg US Corporate High Yield Total Return Index: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.

ICE BofA Fixed Rate Preferred Securities Index: The ICE BofA Fixed Rate Preferred Securities Index tracks the performance of fixed rate US dollar denominated preferred securities issued in the US domestic market.

Bloomberg EM USD Aggregate Total Return Index: The Bloomberg Emerging Markets Hard Currency Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

Bloomberg US Corporate Total Return Index: The Bloomberg US Corporate Total Return Value Unhedged Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Crude Oil: Measured based on the Generic 1st 'CL' Future, which is the nearest crude oil future to expiration.

EBITDA: Earnings before interest, tax, depreciation and amortization (EBITDA) is a measure of a company's operating performance. Essentially, it's a way to evaluate a company's performance without having to factor in financing decisions, accounting decisions or tax environments.

Average Spread: Average spread is the average of the excess of the MLPs yield over the 10 year treasuries yield.

Enterprise Value (EV): EV is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization.

Footnotes

1. Asset class representations are as follows, MLPs, Solactive MLP Infrastructure Index; High Yield Bonds, Bloomberg US Corporate High Yield Total Return Index; Preferreds, ICE BofA Fixed Rate Preferred Securities Index; Emerging Market Bonds, Bloomberg EM USD Aggregate Total Return Index; REITs, FTSE NAREIT All Equity REITS Index; Investment Grade Bonds, Bloomberg US Corporate Total Return Value Unhedged Index; Equities, S&P 500 Index; and Crude Oil, Generic 1st 'CL' Future.
2. MLPs are represented by the S&P MLP Index.

Investing involves risk, including possible loss of principal. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in securities of MLPs involve risk that differ from investments in common stock including risks related to limited control and limited rights to vote on matters affecting the MLP. MLP common units and other equity securities can be affected by macro economic and other factors affecting the stock market in general, expectations of interest rates, investor sentiment towards MLPs or the energy sector, changes in a particular issuer's financial condition, or unfavorable or unanticipated poor performance of a particular issuer (in the case of MLPs, generally



measured in terms of distributable cash flow). The Fund invests in the energy industry, which entails significant risk and volatility. MLPA is non-diversified. The Fund invests in small and mid-capitalization companies, which pose greater risks than large companies. MLPA has a different and more complex tax structure than traditional ETFs and investors should consider carefully the significant tax implications of an investment in the Fund. Current and future holdings are subject to risk.

MLPA is taxed as a regular corporation for federal income tax purposes, which differs from most investment companies. Due to its investment in MLPs, the fund will be obligated to pay applicable federal and state corporate income taxes on its taxable income as opposed to most other investment companies. The fund expects that a portion of the distributions it receives from MLPs may be treated as tax-deferred return of capital. The amount of taxes currently paid by the fund will vary depending on the amount of income and gains derived from MLP interests and such taxes will reduce an investor's return. The fund will accrue deferred income taxes for any future tax liability associated certain MLP interests. Upon the sale of an MLP security, the fund may be liable for previously deferred taxes which may increase expenses and lower the fund's NAV. The potential tax benefits from investing in MLPs depend on them being treated as partnerships for federal income tax purposes. If the MLP is deemed to be a corporation then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value.

Bonds and bond funds will decrease in value as interest rates rise. High yield bonds involve greater risks of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments. Real estate and REIT investments are subject to changes in economic conditions, credit risk and interest rate fluctuations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Preferred stock is subject to many of the risks associated with debt securities, including interest rate risk. Preferred stock may not pay a dividend, an issuer may suspend payment of dividends on preferred stock at any time, and in certain situations an issuer may call or redeem its preferred stock or convert it to common stock.

U.S. Treasury securities are considered to be of high credit quality and are backed by the full faith and credit of the U.S. government. U.S. Treasury securities, if held to maturity, guarantee a return of principal while no other securities mentioned in this material offer such a guarantee.

Carefully consider the fund's investment objectives, risk factors, charges, and expenses before investing. This and additional information can be found in the fund's full or summary prospectus, which may be obtained by calling (1.888.493.8631), or by visiting globalxetfs.com. Read the prospectus carefully before investing.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Beginning October 15, 2020, market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates current NAV per share. Prior to October 15, 2020, market price returns were based on the midpoint between the Bid and Ask price. NAVs are calculated using prices as of 4:00 PM Eastern Time. The returns shown do not represent the returns you would receive if you traded shares at other times. Indices are unmanaged and do not include the effect of fees, expenses or sales charges. One cannot invest directly in an index. Index data source: Solactive AG.

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