

ALERIAN ENERGY INFRASTRUCTURE ETF MONTHLY INSIGHTS

December 2017

Key Takeaways

- The ALPS Energy Infrastructure ETF (ENFR) tacked on 3.76% in December, trimming its 2017 loss to a scant 0.09%.
- A buoyant Canadian dollar bolstered ENFR's December performance. At the end of December, ENFR's Canada exposure was 24.93%. Those holdings rose 2.69% last month, contributing 67 basis points (bps) to ENFR's monthly returns.
- Following its fourth-quarter rebalance in December, ENFR dropped two names: Antero Midstream (AM) and Archrock INC (AROC). The fund added Antero's general partner because the Alerian Energy Infrastructure Index (AMEI) can hold both GPs and master limited partnerships (MLPs). ENFR features the flexibility to own U.S. General Partners (GPs) as well as U.S. energy infrastructure companies and Canadian energy infrastructure companies to cap MLP exposure at 25%.

ENFR Education

40 Act funds, such as exchange traded funds (ETFs), cannot allocate more than 25% of their weight to MLPs. Funds that exceed the 25% MLP allocation are no longer pass through structures and must pay fund-level taxes.

ENFR is classified as a composite of North American Energy Infrastructure companies engaged in the pipeline transportation, storage, and processing of energy companies. As an asset class, MLPs are regarded for their low correlations to traditional assets, such as bonds and stocks, and as well as the ability for above average yields. ENFR yields 5.50%, more than tripled the dividend yield on the S&P 500.

Segment Performance			
	December	Q4	2017
AMEIX (Energy Infrastructure)	3.8%	-0.7%	-0.1%
US General Partners	11.9%	1.9%	10.0%
US Energy Infrastructure MLPs	5.8%	-0.1%	1.3%
Canadian Energy Infrastructure Companies	2.7%	-0.2%	-1.6%
US Energy Infrastructure Companies	-1.8%	-2.4%	-6.3%
Crude Oil (WTI)	5.3%	16.9%	12.5%

Source: Bloomberg, L.P., as of 12/31/2017

Fund Facts: General Partners Help

In December, MLPs were boosted by rebounding crude prices. Bolstered by resurgent West Texas Intermediate (WTI) prices, MLPs, on aggregate, jumped 4.46% last month. Underscoring ENFR's diversification benefits, including allocations to GPs, the ETF notched a negligible annual decline even as the Alerian MLP index (AMZ) fell 6.52% in 2017. Energy infrastructure companies and GPs were the primary drivers of ENFR's December as those companies represent around 75% of the ETF's lineup.

December	Avg % Weight	CTR	Total Return
Common Stock	74.94%	2.45%	3.26%
Limited Partners	25.06%	1.44%	5.83%

As MLP's struggled in 2017, their GP and Energy Infrastructure counterparts drove return for ENFR.

2017	Avg % Weight	CTR	Total Return
Common Stock	75.08%	1.20%	1.62%
Limited Partners	24.92%	-0.28%	-1.55%

Company Spotlight: SemGroup Corporation (SEMG)

Currently ENFR's largest holding, SemGroup Corporation provides gathering, transportation, storage, distribution, marketing, and other midstream services for producers, refiners of petroleum products, and other market participants in North America and the U.K.

Shares of SemGroup surged 25.83% last month, contributing 1.20% to ENFR's December returns. In mid-December, Wells Fargo upgraded the stock to Outperform from Market Perform with a \$34 price target, well above a current handle of around \$28. Oklahoma-based SemGroup has a trailing 12-month dividend yield of 6.36%. Company executives will be attending the UBS MLP One-on-One Conference in Utah in January.

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Performance as of 12/31/17

Total Returns	1 Month	3 Month	YTD	1 Year ¹	3 Year ¹	Since Inception ¹
Alerian Energy Infrastructure ETF (Net Asset Value)	3.76%	-0.65%	-0.09%	-0.09%	-3.83%	0.88%
Alerian Energy Infrastructure ETF (Market Price) ²	3.81%	-0.95%	-0.30%	-0.30%	-3.83%	0.88%
Alerian Energy Infrastructure Index	3.87%	-0.34%	0.76%	0.76%	-3.12%	1.73%
S&P 500 [®] Total Return Index	1.11%	6.64%	21.83%	21.83%	11.41%	12.95%

Source: ALPS, Bloomberg, as of 12/31/2017. Performance data quoted represents past performance, which is not a guarantee of future results. Current performance may be lower or higher than the performance quoted. You can obtain performance data current to the most recent month end by calling (866)759-5679 or www.alpsfunds.com.

¹ Annualized.

² Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

Seven straight weeks of crude inventory drawdowns to end 2017 has helped support WTI prices, reshaping sentiment for those MLPs focused on the crude midstream value chain, including supply & logistics.

Weekly Crude Inventory Drawdowns							
(Week Ending)	29-Dec	22-Dec	15-Dec	8-Dec	1-Dec	24-Nov	17-Nov
Million Barrels	-7.42	-4.61	-6.50	-5.12	-5.61	-3.43	-1.86

Important Disclosures & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, which contains this and other information, call 1.877.398.8461 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

Shares are not individually redeemable. Investors buy and sell shares on a secondary market. Only market makers or "authorized participants" may trade directly with the Fund, typically in blocks of 50,000 shares.

Investments in securities of MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs.

A portion of the benefits you are expected to derive from the Fund's investment in MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the Fund's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment in the Fund.

The fund invests primarily in a particular sector and could experience greater volatility than a fund investing in a broader range of industries.

The Fund may be subject to risks relating to its investment in Canadian securities. Because the Fund will invest in securities denominated in foreign currencies and the income received by the Fund will generally be in foreign currency, changes in currency exchange rates may negatively impact the Fund's return.

Investments in the energy infrastructure sector are subject to: reduced volumes of natural gas or other energy commodities available for transporting, processing or storing; changes in the regulatory environment; extreme weather and; rising interest rates which could result in a higher cost of capital and drive investors into other investment opportunities.

Alerian Energy Infrastructure Index: Index comprised of 30 core North American energy infrastructure companies that engage in the transportation, storage, and processing of energy commodities.

The Alerian Energy Infrastructure ETF is not suitable for all investors. Subject to investment risks, including possible loss of the principal amount invested.

S&P 500[®] Index is the Standard & Poor's composite index of 500 stocks, a widely recognized, unmanaged index of common stock prices. One cannot invest directly in an index. Index performance does not reflect fund performance.

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