

# ALPS WEEKLY ETF SPOTLIGHT

ENFR – Alerian Energy Infrastructure ETF

10.05.2018

	Alerian Midstream Energy Select Total Return Index (AMEIX)	Solactive MLP & Energy Infrastructure Index (SOLMLPX)	WTI Crude Oil (CL1)
1 Week Return	1.80%	1.66%	1.54%

Source Bloomberg, L.P., as of October 5, 2018. **Past performance is not indicative of future results.** For standardized performance of the fund please [click here](#).

- A rising crude price last week was favorable to the Alerian Energy Infrastructure ETF (ENFR), which tracks the Alerian Midstream Energy Select Index, as the fund climbed nearly 2% and outperformed its peer group.
- Iranian sanctions beginning November 4th, 2018, a restructured U.S./Canada trade deal, and limited crude supply growth by the Organization of Petroleum Exporting Countries (OPEC), fueled crude prices to \$74.36 last week.

## Oh Canada! Where Art Thou?

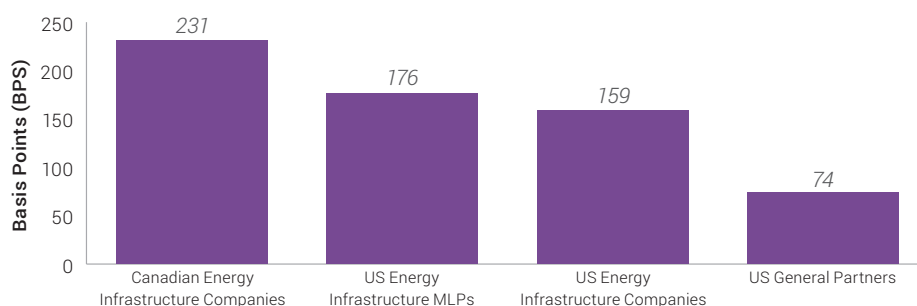
- With a 30.9% weight in ENFR, midstream Canadian Energy Infrastructure companies have struggled this year as pipeline capacity constraints in Canada have depressed the price of Western Canada Select (WCS) crude.
- At the end last week, the discount of WCS crude to WTI (West Texas) crude was at a record \$40 as WCS production (supply) has continued without the ability to pipe the heavy crude to U.S. refineries (demand).

*"Canadian crude production recently surpassed available pipeline space, and even with the country's producers signing contracts to move more crude by train, Canada doesn't have enough rail capacity to alleviate the transportation bottlenecks," said Andrew Botterill, partner at Deloitte in Calgary. "The country will need more pipelines and more domestic refining capacity to clear the glut, but that infrastructure is slowly being developed."*

## Oh Canada! Revert Thou?

- With the old adage, "If you build it, they will come", resonating through the minds of Canadian midstream companies, the pipeline capacity issues have largely been the result of feuding Canadian provinces and U.S. state regulatory reviews. The Canadian midstream companies rallied last week on the following news:
  - A U.S. – Canada trade deal (USMCA) was announced last week, which helped alleviate some concerns around WCS exports to the U.S.
  - Enbridge Inc (9.90% in AMEI) reached a deal with the State of Michigan on their existing Line 5 oil pipeline replacement project; In addition, Enbridge's massive Line 3 oil pipeline replacement project, which runs through various Canadian provinces and into Minnesota, is continuing construction despite numerous environmental protests.

ENFR Segment Total Return for Week ending 10/5/18



- Last week, Canadian midstream companies reverted on some positive news, which drove returns for ENFR.
- At such depressed prices relative to their U.S. midstream peers, Canadian midstream companies may rally on any hope of pipeline capacity constraints being addressed.

Source Bloomberg, L.P., as of October 5, 2018

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### Top 10 Holdings\*

ENBRIDGE INC	9.90%
TRANSCANADA CORP	7.50%
ENTERPRISE PRODUCTS PARTNERS	7.18%
KINDER MORGAN INC	6.79%
ENERGY TRANSFER EQUITY LP	6.75%
WILLIAMS COS INC	6.37%
ONEOK INC	5.35%
TARGA RESOURCES CORP	5.32%
PEMBINA PIPELINE CORP	5.15%
CHENIERE ENERGY INC	4.99%

\* Source Bloomberg, L.P., as of 10/5/2018  
(subject to change)

### Important Disclosure & Definitions

*An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus which contain this and other information call 866.675.2639 or visit [www.alpsfunds.com](http://www.alpsfunds.com). Read the prospectus carefully before investing.*

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

*There are risks involved with investing in ETFs including the loss of money. Additional information regarding the risks of this investment is available in the prospectus.*

*The Fund is subject to the additional risks associated with concentrating its investments in companies in the market sector.*

*Diversification does not eliminate the risk of experiencing investment losses.*

*An investor cannot invest directly in an index.*

*The Alerian Midstream Energy Select Index is a composite of North American energy infrastructure companies. The cap-weighted index, whose constituents are engaged in midstream activities involving energy commodities, was developed with a base level of 500 as of December 31, 2012.*

*The Solactive MLP & Energy Infrastructure Index is intended to give investors a means of tracking the performance of MLPs and energy infrastructure corporations. Midstream energy infrastructure MLPs and corporations principally own and operate assets used in energy logistics, including, but not limited to, pipelines, storage facilities and other assets used in transporting, storing, gathering, and processing natural gas, natural gas liquids, crude oil or refined products.*

*The indexes are reported on a total return basis, which assumes reinvestment of any dividends and distributions realized during a given time period. The indexes are not actively managed and do not reflect any deductions for fees, expenses or taxes. One cannot invest directly in an index. Index performance does not reflect fund performance.*

*This fund may not be suitable for all investors. There are risks involved with investing in ETFs including the loss of money. The Fund is considered non-diversified and as a result may experience great volatility than a diversified fund. The Fund's investments are concentrated in the pharmaceuticals and biotechnology industries, and underperformance in these areas will result in underperformance in the Fund. Investments in small and micro capitalization companies are more volatile than companies with larger market capitalizations.*

*ALPS Portfolio Solutions Distributor, Inc. is the distributor for the Alerian Energy Infrastructure ETF.*

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