

ALERIAN ENERGY INFRASTRUCTURE ETF MONTHLY INSIGHTS

April 2018

Key Takeaways

- ENFR had a strong month on the heels of stronger WTI and WCS (Western Canada) crude prices.
- U.S. weekly crude imports from Canada continue to rise despite constrained takeaway capacity.
- Strong earnings out of a few bellwethers as well as Kinder Morgan Inc (KMI) ushered in some midstream optimism.
- The Alerian Energy Infrastructure Index (AMEI) continues to trade at a discount to its 3-year averages across all valuation metrics.

- The AMEI, the index that ENFR tracks, was up 5.17% in April on the heels of a stronger WTI crude price (+5.59%) and the continued rebound in the WCS crude price, which was up 21.03% in April and is up 50.99% from its December 2017 low.
- Year to date, MLPs are outperforming broader midstream companies, helped by a strong January and April, as well as the underperformance by Canadian midstream companies as pipeline capacity has been bottlenecked north of the border*.

- The U.S. is Canada's biggest customer for its crude exports. The National Energy Board (NEB) says heavy crude accounted for 77% of Canada's 2017 crude exports to the U.S. Refiners in the US continue to import the cheaper Canadian heavy crude as a preferred feedstock for many complex refineries, despite constrained takeaway capacity in Canada.

Source: <https://www.theglobeandmail.com/business/industry-news/energy-and-resources/article-canada-oil-exports-increase-finding-us-buyers-despite-shale-oil/>

- Across Canada, public backing for the proposed expansion of Kinder Morgan's (KMI; 4.9% weight in AMEI) Trans Mountain pipeline rose to 55%, according to a survey, up from 49% in February. British Columbia and Alberta have been at loggerheads over the project, which would allow 890,000 barrels of oil to be transported from landlocked Alberta to the western coast of Canada each day. KMI has set a go/no-go date of May 31st to push British Columbia to make a decision.

Source: <https://phys.org/news/2018-04-controversial-canada-pipeline.html#jCp>

Segment Performance

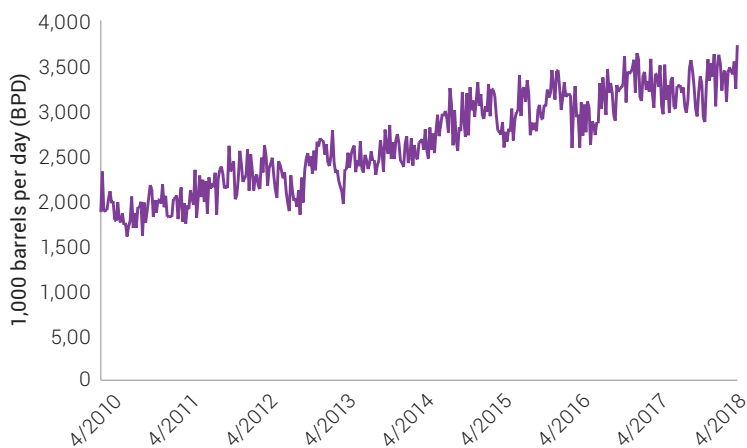
	April	YTD	1Yr
The Alerian Energy Infrastructure Index (AMEI)	5.17%	-8.71%	-8.83%
Canadian Energy Infrastructure Companies	0.51%	-2.97%	-0.67%
US General Partners	0.30%	-1.94%	-2.54%
US Energy Infrastructure Companies	2.14%	-2.55%	-3.31%
US Energy Infrastructure MLPs	2.22%	-1.25%	-2.31%
Crude Oil (WTI)	5.70%	14.17%	35.46%
Crude Oil (WTS-Western Canada)	21.03%	50.99%	29.67%

Bloomberg Ticker: USCRWCAS

Source: Bloomberg, L.P., as of 4/30/2018.

***Past performance does not indicate future returns.**

U.S. Weekly Imports of Canadian Crude



Source: EIA data, as of 4/30/2018

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ENFR
Alerian Energy Infrastructure ETF

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A DST Company



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Constituent news

- Strong earnings out of MLP bellwethers Enterprise Products Partners (EPD; 5.13% weight in AMEI) and MPLX (MPLX; 3.38% in AMEI), as well as KMI provided some optimism for midstream energy investors in April.
- SemGroup (SEMG; 5.27% weight in AMEI) announced that it completed the sale of its storage business in the UK to Valero. SemGroup intends to use sales proceeds to pre-fund capital growth projects.
- Enbridge Inc (ENB CN; 4.96% weight in AMEI) was weak in April; a Minnesota judge recommended approval of ENB's Line 3 Replacement project, but using the existing Line 3 route instead of the alternate proposed route preferred by ENB.

Valuation update

- The AMEI Index continues to trade at a discount to its 3-year averages across all valuation metrics.
- While the Canadian Energy Infrastructure companies have been weak and represent about 25% of ENFR, they continue to trade at a higher multiple relative to their U.S. midstream counterparts.

Top 5 AMEI Performers for April 2018

Ticker	Total Return	Weight
SEMG	17.52%	5.27%
MMP	12.82%	5.04%
PAGP	12.74%	2.93%
EPD	11.41%	5.13%
ETE	11.19%	10.47%

Bottom 5 AMEI Performers for April 2018

Ticker	Total Return	Weight
CNP	-7.55%	4.98%
ENB CN	-3.61%	4.96%
ANDX	-3.02%	1.47%
D	-1.29%	4.49%
GEI CN	0.19%	1.10%

Source: Bloomberg, L.P., as of 4/30/2018.

Past performance does not indicate future returns.

	Current	3YR Avg	Delta
Price/Cash Flow	7.10	7.66	-7.3%
Enterprise Value/EBITDA	11.31	13.09	-13.6%
Yield	6.3%	5.3%	1.1%

Source: Bloomberg, L.P., as of 4/30/2018.

Alerian Energy Infrastructure ETF Performance as of 3/31/2018

Total Returns	1 Month	3 Month	YTD	1 Year ¹	3 Year ¹	Since Inception ¹
Alerian Energy Infrastructure ETF (Net Asset Value)	-3.40%	-13.28%	-13.28%	-15.47%	-6.61%	-2.37%
Alerian Energy Infrastructure ETF (Market Price) ²	-3.87%	-13.32%	-13.32%	-15.65%	-6.63%	-2.38%
Alerian Energy Infrastructure Index	-3.40%	-13.21%	-13.21%	-14.80%	-5.93%	-1.58%
S&P 500® Total Return Index	-2.54%	-0.76%	-0.76%	13.99%	10.78%	11.99%

Source: ALPS, Bloomberg, as of 3/31/2018. 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.

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ETF Stats

Ticker:	ENFR
Underlying Index:	AMEI
Listing Exchange:	NYSE Arca
CUSIP:	00162Q 676
Fund Inception:	11/1/13
Net Assets:	\$35.73 million
Net Asset Value:	\$19.85
Last Quarterly Distribution:	\$0.1745
Last Payable Date:	3/29/18
Dividends Paid:	Quarterly
30 Day SEC Yield [‡]	6.29%
Gross Expense Ratio:	0.65%

[‡] The 30 day SEC yield figure reflects the dividends and interest earned during the period, after the deduction of the Fund's expenses.

Top 10 Holdings[^]

SEMGROUP CORP-CLASS A	5.63%
ONEOK INC	5.32%
ENTERPRISE PRODUCTS PARTNERS	5.25%
TARGA RESOURCES CORP	5.23%
MAGELLAN MIDSTREAM PARTNERS	5.19%
OGE ENERGY CORP	5.05%
PEMBINA PIPELINE CORP	4.92%
TRANSCANADA CORP	4.87%
KINDER MORGAN INC	4.86%
ENBRIDGE INC	4.74%

[^] As of April 30, 2018, Holdings subject to change.

Important Disclosures & Definitions

An investor should consider 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.

Performance data quoted represents past performance. Past performance is not a guarantee of future results; current performance may be higher or lower than performance quotes.

The AMEI Index is a composite of energy infrastructure midstream companies and partnerships (MLPs). The capped, float-adjusted, capitalization weighted index constituents earn the majority of their cash flow from midstream activities involving energy commodities.

One may not invest directly in an index.

West Texas Intermediate (WTI): a grade of crude oil used as a benchmark in oil pricing. This grade is described as light because of its relatively low density, and sweet because of its low sulfur content.

Crude Oil (WTS-Western Canada): a heavy blended "https://en.wikipedia.org/wiki/Crude_oil" \o "Crude oil" crude oil, composed mostly of "https://en.wikipedia.org/wiki/Bitumen" \o "Bitumen" bitumen blended with sweet synthetic and "https://en.wikipedia.org/wiki/Natural-gas_condensate" \o "Natural-gas condensate" condensate diluents and 25 existing streams of both conventional and unconventional

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.

The benefit 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 of 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.

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

S&P 500[®] Index is the Standard & Poor's

Not FDIC Insured • No Bank Guarantee • May Lose Value

ALPS Portfolio Solutions, Inc. is the distributor for the Alerian MLP ETF.

ALR000699 8/31/2018

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