

ALERIAN ENERGY INFRASTRUCTURE ETF MONTHLY INSIGHTS

June 2018

Key Takeaways

- ENFR saw continued strong performance in June on the third consecutive month of gains.
- Large-Cap midstream companies and Master Limited Partnerships ("MLPs") have convincingly outperformed their smaller peers over the past year¹.
- Associated natural gas production has significantly increased in the Permian basin, alongside crude production.
- Valuation metrics for the Alerian Midstream Energy Select Index ("AMEI") are still attractive relative to their 3YR averages, despite the recent price improvement.

Performance Notes

- AMEI, the index that ENFR tracks, followed two strong months in April and May with another positive month, +1.87% in June, and +12.64% for the second quarter of 2018.
- Strength in June was broad-based across the midstream C-Corps and General Partners, with some weakness in MLPs.
- With WTI crude prices up double digits in the second quarter of 2018 and well-above the average cost of production, value investors have begun to rotate into the higher-yielding midstream energy space.

Return Attribution

- The large cap midstream space that trades above a \$10 billion market capitalization has a greater weighting in the AMEI; these larger C-Corps and MLPs have convincingly outperformed their smaller peers for each time period over the past year.
- This trend highlights how important scale, diversification, asset integration, and strong balance sheets are for the entire midstream space today.

June 2018 Performance

| | June | QTD | YTD | 1Yr |
|--|--------|--------|--------|--------|
| Alerian Midstream Energy Select Index (AMEI) | 1.87% | 12.64% | -2.21% | -0.20% |
| Canadian Energy Infrastructure Companies | 0.97% | 2.75% | -1.00% | 0.35% |
| US Energy Infrastructure Companies | 0.92% | 4.74% | -0.28% | 0.29% |
| US General Partners | 0.59% | 1.94% | -0.50% | -0.07% |
| US Energy Infrastructure MLPs | -0.61% | 3.21% | -0.43% | -0.77% |
| Crude Oil (WTI) | 10.61% | 14.18% | 22.72% | 61.06% |
| Crude Oil (WTS-Western Canada) | 26.43% | 23.78% | 54.42% | 46.66% |

Bloomberg Ticker: USCRWCAS

Source: Bloomberg, L.P., as of 6/30/2018.

Past performance does not indicate future returns.

Standardized performance on page 2.

As of June 29, 2018, the benchmark for the Fund changed from the Alerian Energy Infrastructure Index (AMEI) to the Alerian Midstream Energy Select Index (AMEI).

AMZI Average Total Return By Constituent Market Cap

| | | Large Cap (>\$10B) | SMid Cap (<\$10B) |
|------|----------------|--------------------|-------------------|
| June | Total Return | 2.34% | -0.95% |
| | Weight in AMEI | 64.38% | 35.48% |
| QTD | Total Return | 13.99% | 10.07% |
| | Weight in AMEI | 63.46% | 36.41% |
| YTD | Total Return | 2.56% | -7.47% |
| | Weight in AMEI | 63.76% | 36.05% |
| 1YR | Total Return | 6.30% | -8.91% |
| | Weight in AMEI | 63.58% | 36.26% |

Source: Bloomberg, L.P., as of June 30, 2018

Past performance does not indicate future returns.

¹ Source: Bloomberg, L.P., as of June 30, 2018

ALERIAN ENERGY INFRASTRUCTURE ETF MONTHLY INSIGHTS

June 2018

Constituent News

- The Minnesota PUC (Public Utilities Commission) approved Enbridge's (ENB CN; 5.64% weight in AMEI) Line 3 Replacement Project that will add about 375,000 barrels per day of crude takeaway capacity from Canada to the U.S.
- Kinder Morgan (KMI; 5.2% weight in AMEI), EagleClaw Midstream (a Blackstone Energy Partners company), and Apache Corp plan to build a \$2-billion pipeline to haul associated natural gas from the Permian basin to markets along the U.S. Gulf Coast and to Mexico.
- The Public Service Commission of the District of Columbia provided the last major signoff needed for AltaGas Ltd (ALA CN; 1.95% weight in AMEI) to complete its \$9 billion takeover of natural gas utility, WGL Holdings Inc.

Valuation Notes

- The AMEI Index continues to mostly trade at a discount to its 3-year averages across the valuation metrics shown, with Price/Cash Flow now in-line with its historical average after the recent improvement in AMEI's performance.
- With midstream valuations still cheap on an enterprise value to EBITDA basis, many private equity firms are looking for opportunities in the midstream space.

Natural Gas Production Permian Basin



Source: US Energy Information Administration as of June 30, 2018.

Past performance does not indicate future returns.

With crude oil production booming out of the Permian basin, the associated natural gas production has also increased, eliciting the need for more natural gas pipelines.

AMEI Current Valuations

| | Current | 3YR Avg | Delta |
|-------------------------|---------|---------|-------|
| Price/Cash Flow | 7.55 | 7.55 | 0.1% |
| Enterprise Value/EBITDA | 11.80 | 12.98 | -9.1% |
| Yield | 5.86% | 5.4% | 0.5% |

Source: Bloomberg, L.P., as of June 30, 2018

Alerian Energy Infrastructure ETF Performance as of 6/30/2018

| Total Returns | 1 Month | 3 Month | YTD | 1 Year ¹ | 3 Year ¹ | Since Inception ¹ |
|---|---------|---------|--------|---------------------|---------------------|------------------------------|
| Alerian Energy Infrastructure ETF (Net Asset Value) | 1.89% | 12.36% | -2.56% | -1.08% | -1.40% | 0.23% |
| Alerian Energy Infrastructure ETF (Market Price) ² | 2.03% | 12.62% | -2.38% | -0.98% | -1.35% | 0.27% |
| Alerian Midstream Energy Select Index | 1.98% | 12.70% | -2.18% | -0.23% | -0.64% | 1.07% |
| S&P 500® Total Return Index | 0.62% | 3.43% | 2.65% | 14.37% | 11.93% | 12.12% |

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. The investment return and principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.

Gross Expense Ratio: 0.85%

Fund inception date of 11/01/2013

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.

As of June 29, 2018, the benchmark for the Fund changed from the Alerian Energy Infrastructure Index (AMEI) to the Alerian Midstream Energy Select Index (AMEI).



ALERIAN ENERGY INFRASTRUCTURE ETF MONTHLY INSIGHTS

June 2018

ETF Stats

| | |
|--------------------------------------|---------------|
| Ticker: | ENFR |
| Underlying Index: | AMEI |
| Listing Exchange: | NYSE Arca |
| CUSIP: | 00162Q 676 |
| Fund Inception: | 11/1/13 |
| Net Assets: | 39.80 million |
| Net Asset Value: | \$22.16* |
| Last Quarterly Distribution: | \$0.1921 |
| Last Payable Date: | 6/28/18 |
| Dividends Paid: | Quarterly |
| 30 Day SEC Yield | 5.4%** |
| Deferred Income Tax Expense | 0.00% |
| Expense Ratio before Deferred Taxes: | 0.85% |

* As of June 30, 2018

** 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[^]

| | |
|-------------------------------|-------|
| ENBRIDGE INC | 5.64% |
| MACQUARIE INFRASTRUCTURE CORP | 5.35% |
| DOMINION ENERGY INC | 5.21% |
| CENTERPOINT ENERGY | 5.21% |
| KINDER MORGAN INC | 5.20% |
| TRANSCANADA CORP | 5.07% |
| ONEOK INC | 5.03% |
| TARGA RESOURCES CORP | 4.99% |
| WILLIAMS COMPANIES INC | 4.95% |
| SEMGROUP CORP-CLASS A | 4.93% |

[^] As of June 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.

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.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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

ALR000733 9/30/2018

Learn More
alpsfunds.com

