

ALERIAN ENERGY INFRASTRUCTURE ETF (ENFR) MONTHLY INSIGHTS

September 2018

Key Takeaways

- The Alerian Midstream Energy Select Index (AMEI) slipped -1.73% in September as Canadian midstream companies continued to be weak on pipeline regulatory concerns.
- Western Canadian Select (WCS) crude saw its largest discount to West Texas Intermediate (WTI) since November 2013.
- The EIA (Energy Information Administration) announced that the U.S. is now the largest global crude oil producer, above Saudi Arabia and Russia.

Performance Notes

- ENFR, the Alerian Energy Infrastructure ETF that tracks the AMEI, was weak in September as Canadian pipeline transportation companies continue to struggle on regulatory and environmental concerns around pipeline projects.
- Crude prices gained in September on anticipation of supply concerns related to the upcoming Nov 4th, 2018, effective date for US sanctions of Iranian oil and continued production declines from Venezuela.
- On a total return basis, MLPs have outperformed their C-Corp midstream peers in September, though both groups traded lower for the month.

Return Attribution

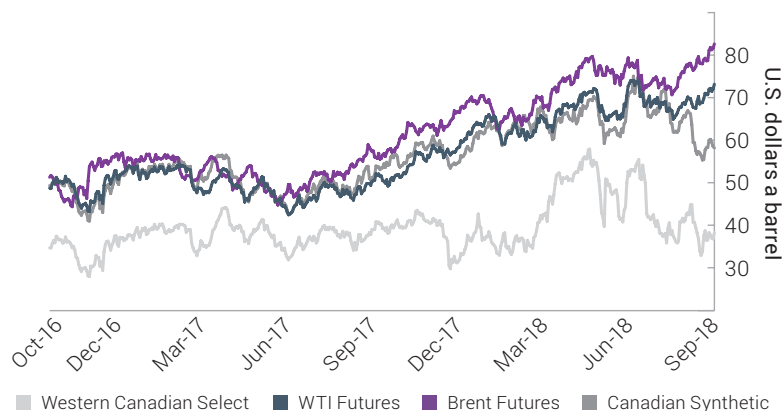
- Canadian pipeline transportation names continue to struggle as take away capacity is nearing 97% capacity. Crude-by-rail loadings in Western Canada reached a record above 220,000 barrels a day the week ended Sept. 28, 2018, according to Genscape.
- Western Canadian Select (WCS) crude was trading at a \$34.90/bbl discount to WTI at the end of the month. The EIA (Energy Information Administration) in September raised its expectations for WTI and Brent crude prices as a result of lower Canadian crude production due to capacity constraints.
- With crude supply issues out of OPEC (Organization of the Petroleum Exporting Countries) and Canada, the EIA announced in September that the U.S. is now the largest global crude oil producer, above Saudi Arabia and Russia.

September 2018 Performance				
	Sep-18	QTD	YTD	1YR
The Alerian Midstream Energy Select Index (AMEI)	-1.73%	0.56%	-1.67%	-1.99%
Industry Grouping Attribution				
Other (Liquefaction)	0.18%	0.59%	0.69%	0.59%
Storage	0.02%	0.49%	-0.88%	-1.30%
Distribution	0.00%	0.31%	0.12%	-0.01%
Pipeline Transportation	-1.33%	-0.81%	-2.82%	-2.65%
Gathering + Processing	-0.60%	-0.03%	1.22%	1.37%
Security type Attribution				
MLPs	-0.20%	0.44%	0.00%	-0.02%
Canadian Midstream Corporations	-1.20%	-1.72%	-2.69%	-2.73%
US Midstream Corporations	-0.34%	1.84%	1.02%	0.73%
Crude Oil (WTI)	4.94%	-1.21%	21.23%	41.77%
Crude Oil (WCS-Western Canada)	-9.87%	-27.85%	11.42%	-5.12%

Source: Bloomberg, L.P., as of 9/30/2018. **Past performance does not guarantee future results. For standardized performance, please see page 3.**

Northern Exposure

Canadian crude languishes amid world oil market rally



Source: Bloomberg, L.P., as of 09/30/2018.

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Alerian Energy Infrastructure ETF

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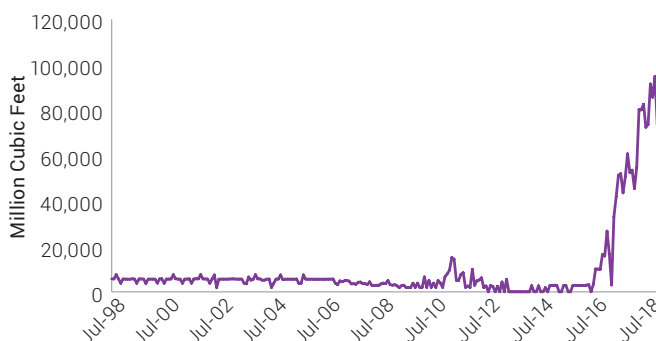
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Constituent News

- Cheniere Energy (**LNG; 5.30% in AMEI**) continued its upward trend for the second month, returning 3.82% and bringing its year-to-date total return to 29.07% as of September 28th, 2018. Cheniere announced a 15-year liquefied natural gas (LNG) sale and purchase agreement with Vitol in September. Cheniere has played a key role in growing US LNG exports, as shown in the chart on the right.
- Enbridge (**ENB; 9.64% in AMEI**) announced sweetened offers for its MLPs, Enbridge Energy Partners (**EEP**) and Spectra Energy Partners (**SEP**), after incorporating the positive impact of the final FERC ruling for natural gas pipelines announced in mid-July.
- Colorado's Initiative 112 on the November ballot, which calls for a ban on fracking within 2,500 sq ft of the nearest "dwelling", has impacted some constituents with exposure to the Denver-Julesburg (DJ) basin, such as Western Gas Partners (**WES; 0.98% in AMEI**) and Tallgrass Energy LP (**TGE; 2.04% in AMEI**). Preliminary polls suggest the initiative will not pass.

U.S. Liquefied Natural Gas (LNG) Exports



Source: U.S. Energy Information Administration as of 9/30/2018.

Valuation Notes

- The AMEI Index continues to mostly trade at a discount to its 3-year averages across the valuation metrics shown.

AMEI Current Valuations

	Current	3YR Avg	Delta
Price/Cash Flow	6.51x	7.36x	-11.46%
Enterprise Value/EBITDA	11.97x	12.57x	-4.74%
Yield (TTM)	5.56%	5.47%	1.67%

Source: Bloomberg, L.P., as of 9/30/2018.

Alerian Energy Infrastructure ETF Performance as of 9/30/2018

Total Returns	1 Month	3 Month	YTD	1 Year ¹	3 Year ¹	Since Inception ¹
Alerian Energy Infrastructure ETF (Net Asset Value)	-1.73%	0.36%	-2.20%	-2.84%	7.79%	0.29%
Alerian Energy Infrastructure ETF (Market Price) ²	-1.11%	0.55%	-1.85%	-2.78%	7.96%	0.36%
Alerian Midstream Energy Select Index	-1.72%	0.53%	-1.66%	-1.99%	8.73%	1.12%
S&P 500® Total Return Index	0.57%	7.71%	10.56%	17.91%	17.31%	13.17%

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).



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Alerian Energy Infrastructure ETF

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Top 10 Holdings[^]

ENBRIDGE INC	9.64
TRANSCANADA CORP	7.42
ENTERPRISE PRODU	7.18
ENERGY TRANSFER	6.85
KINDER MORGAN IN	6.79
WILLIAMS COS INC	6.39
ONEOK INC	5.39
CHENIERE ENERGY	5.30
TARGA RESOURCES	5.22
PEMBINA PIPELINE	5.07

[^] As of September 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.

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

ALR000763 1/31/2019

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