

ALERIAN ENERGY INFRASTRUCTURE ETF (ENFR) MONTHLY INSIGHTS

October 2018

Key Takeaways

- The Alerian Midstream Energy Select Index (AMEI) lost -7.38% in October 2018 as both WTI Crude and WCS Crude were lower for the month, -10.84% and -41.83% respectively.
- Western Canadian Select (WCS) crude continued to fall against WTI as the spread widened to \$43/barrel (bbl) as of 10/31/18.
- The Energy Information Administration (EIA) estimates that U.S. oil production was 11.4 million barrels per day (b/d) in October 2018, a modest decrease from the prior month due to hurricane-related outages in the Gulf of Mexico. The EIA currently projects U.S. oil production will average 10.9 million b/d for 2018 and 12.1 million b/d for 2019.

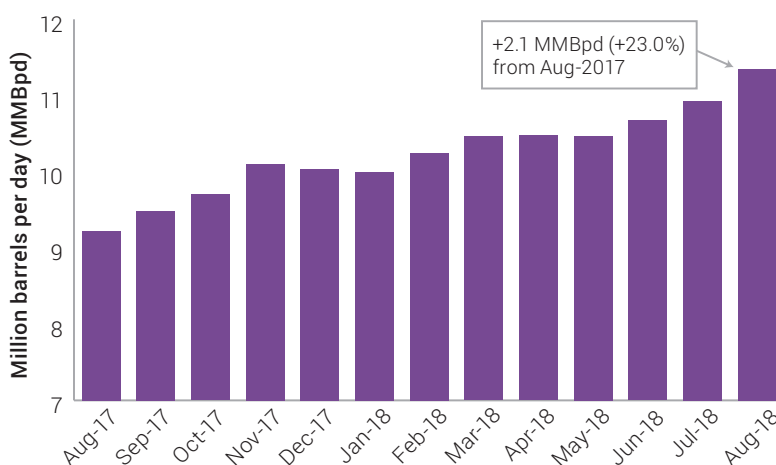
Performance Notes

- ENFR, the Alerian Energy Infrastructure ETF that tracks the AMEI, was down for the month of October as the broader energy sector experienced a selloff, as oil prices retreated on demand concerns and fears of an oil surplus.
- The Alerian Midstream Energy Select Index (AMEI) outperformed the broader Energy Sector, represented by the Energy Select Sector Index (XLE, -11.35%) and its more oil-dependent peers Producers (S&P Oil & Gas E&P, -16.60%) and Services (S&P Oil & Gas Equip, -18.76%).
- On a total return basis, MLPs outperformed their U.S. C-Corp midstream peers in October 2018, though all groups traded lower for the month.
- Western Canadian Select (WCS) crude was trading at a \$43/bbl discount to WTI at the end of October 2018. Takeaway capacity constraints combined with reduced refinery utilization in the Mid-Continent of the U.S. (lower oil demand) have weighed on prices.
- During the month of August 2018 (latest monthly data), U.S. oil production was up 2.1 million b/d to 11.3 million b/d or an increase of 23.0% year over year. U.S. natural gas production increased by 12.8 billion cubic feet per day (Bcf/d) or 14.4% year over year to 102.5 Bcf/d in August. Growing energy production in the U.S. creates more demand for energy infrastructure assets.

October 2018 Performance			
	Oct-18	YTD	1YR
The Alerian Midstream Energy Select Index (AMEI)	-7.38%	-8.92%	-6.05%
Industry Grouping Attribution			
Other (Liquefaction)	-12.88%	22.86%	18.43%
Storage	-11.77%	-23.15%	-25.67%
Pipeline Transportation	-6.63%	-10.97%	-6.31%
Gathering + Processing	-7.34%	-2.56%	2.41%
Security type Attribution			
MLPs	-8.06%	-7.46%	-4.64%
Canadian Midstream Corporations	-4.55%	-14.22%	-10.77%
US Midstream Corporations	-17.59%	-13.36%	-8.09%
Crude Oil (WTI)	-10.84%	8.09%	20.10%
Crude Oil (WCS-Western Canada)	-41.83%	-35.18%	-45.89%

Source: Bloomberg, L.P., as of 10/31/2018. **Past performance does not indicate future returns. Standardized performance on page 3.**

US Monthly Oil Production



Source: Energy Information Administration, as of 8/31/2018.

Past performance does not guarantee future results.

Learn More
alpsfunds.com



ENFR
Alerian Energy Infrastructure ETF

ALPS
A DST Company



ALERIAN ENERGY INFRASTRUCTURE ETF (ENFR) MONTHLY INSIGHTS

October 2018

Constituent News

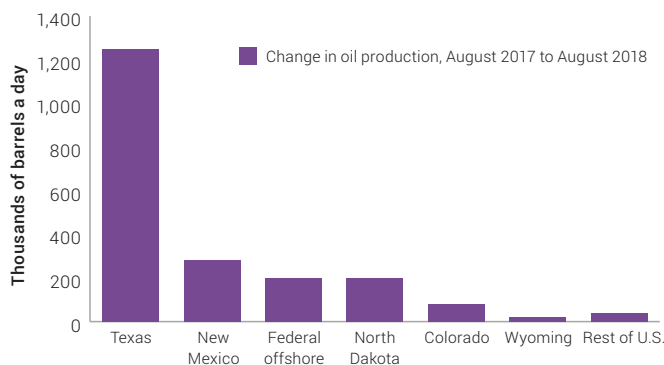
- Enterprise Products Partners LP (EPD; 7.27% of AMEI) announced at the end of October 2018 third quarter earnings before interest, tax, depreciation and amortization (EBITDA) beating estimates by 8%. EPD set 16 operational and financial records in the quarter, as evidence of the strong fundamental environment for U.S. midstream. In addition to quarterly results, EPD announced an expansion to their fractionation capacity at Mont Belvieu. With capacity currently constrained on the Gulf Coast, midstream companies are capitalizing on growth opportunities to add fractionation capacity.
- Kinder Morgan Inc. (KMI; 7.08% of AMEI) announced positive earnings results for the third quarter increasing EBITDA 4% over 3rd Quarter 2017. KMI expects to exceed their 2018 EBITDA and distributable cash flow guidance. KMI also achieved its targeted leverage ratio with its third quarter results, as adjusted net debt-to-adjusted EBITDA came in at 4.6x.
- Energy Transfer LP (ET; 6.63% of AMEI) announced an open season for the expansion of its Bakken Pipeline System, which extends from North Dakota to Texas. Crude differentials in the Bakken widened significantly in October, with crude prices at Clearbrook, MN, trading at a \$17/bbl discount to WTI at the end of the month. Widened crude differentials point to the need for more pipeline capacity to move crude to end markets.

Valuation Notes

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

Not A Lone Star

Texas dominates, but the surge in U.S. oil production is evident across the country



Despite strong NGL economics for EPD, they have indicated that they may convert an NGL pipeline in the Permian (Texas) to a crude pipeline to help alleviate the crude capacity constraints in the basin.

Source: EIA as of 10/31/2018.

AMEI Current Valuations

	Current	3YR Avg	Delta
Price/Cash Flow	6.22x	7.32x	-15.01%
Enterprise Value/EBITDA	11.99x	12.54x	-4.35%
Yield (TTM)	6.06%	5.50%	10.17%

Source: Bloomberg, L.P., as of 10/31/2018.

Past performance does not indicate future returns.

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).



ALERIAN ENERGY INFRASTRUCTURE ETF (ENFR) MONTHLY INSIGHTS

October 2018

Top 10 Holdings[^]

ENBRIDGE INC	10.14
TRANSCANADA CORP	7.54
ENTERPRISE PRODU	7.27
KINDER MORGAN IN	7.08
ENERGY TRANSFER	6.63
WILLIAMS COS INC	6.21
ONEOK INC	5.66
PEMBINA PIPELINE	5.26
TARGA RESOURCES	5.20
CHENIERE ENERGY	5.00

[^] As of October 31, 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

ALR000778 11/1/2019

Learn More
alpsfunds.com

