

Key Takeaways

- Despite a late month bounce, August was one of the worst months for MLPs in the last decade
- The market reacted very differently to Plains All American distribution cut vs last year
- Energy Transfer Partners and Plains All American drag on Alerian MLP Infrastructure Index (AMZI) performance
- Valuations indicate the AMZI is currently trading at a discount

Master Limited Partnerships (MLPs) struggled overall during August, but not all MLP's are equal. There is clear dispersion of returns between the MLP segments.

Performance		
	August	Year to Date (YTD)
MLPs	-5.61%	-7.69%
Gathering & Processing	-3.43%	0.31%
Natural Gas Transportation	-3.53%	2.98%
Petroleum Transportation	-7.88%	-17.45%

Source: Bloomberg as of 8/31/2017. **Past Performance is not indicative of future results.**

Despite a late month bounce, August returned one of worst months for MLPs in the last decade

MLP prices suffered amid significant volatility in the month of August. After falling by more than 10% in the first three weeks of the month, MLPs rallied by 6% in the last 10 days to close the month down -5.61%. Despite the month-end bounce, August was the worst month for MLPs since January of 2016 and one of the worst months over the last 10 years.

Worst One Month Returns (Last 10 Years) vs August '17	
Date	Monthly Return
November-08	-17.50%
September-08	-16.46%
September-15	-15.49%
January-16	-13.09%
June-15	-8.80%
August-17	-5.61%

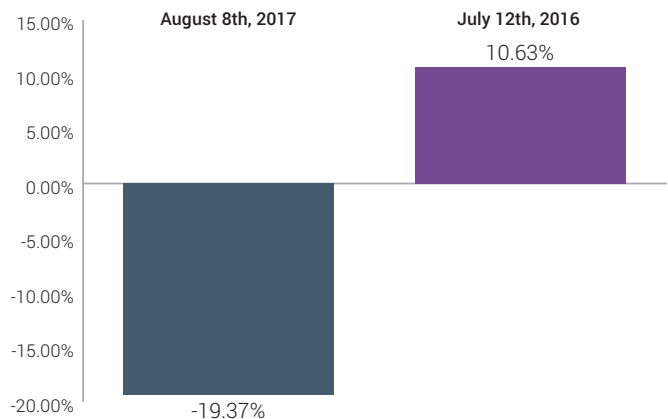
Source: Bloomberg as of 8/31/2017. **Past Performance is not indicative of future results.**

Plains distribution cut received very differently than a year ago

Continued weakness in the energy sector, uncertainty about the impact of US production and an influx of new equity all weighed heavily on MLPs in August. The biggest story of the month,

however, was the distribution cut by Plains All American (PAA). After reporting weaker earnings guidance in May, PAA announced more disappointing results in second quarter (Q2) stemming from significantly lower revenue in their Supply and Logistics business (S&L). Fears of a distribution cut and potential credit downgrade sent PAA down nearly 20% on August 8th. This coincided with management's comments on their Q2 earnings call that a 20% distribution cut would be sufficient, despite additional comments of a possible larger cut to shore up the balance sheet. Subsequently, on August 25th, PAA actually dropped their distribution by 45% from \$2.20 to \$1.20. With a renewed ability to maintain its credit rating, pay down debt and eventually grow its distribution again, PAA rallied 1.5% on the day of the larger distribution cut. The downward move in PAA after management's indication of the distribution cut on August 8th was in stark contrast to the rally that accompanied its distribution cut in July of 2016, highlighting the drastic fall in their S&L business over the last year. PAA did indicate that Q4 is the seasonally-strongest quarter for its S&L business and with the distribution cut now behind them, PAA and MLPs in general performed much better to close out the month of August. The following charts show the difference in performance following each distribution cut.

Plains All American Performance Following Distribution Cuts



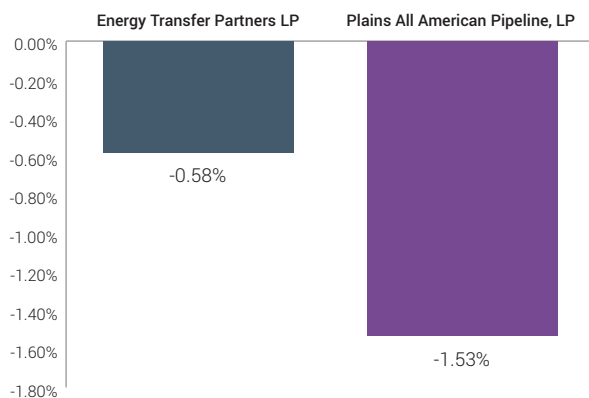
Source: Bloomberg as of 8/31/2017. **Past Performance is not indicative of future results.**

The Street reacted differently to Plains' news this year vs. last year.

Energy Transfer Partners and Plains All American drag on AMZI performance

MLPs were also impacted by the \$1B equity issuance by Energy Transfer Partners (ETP) on August 14th. Over the subsequent week ETP saw its equity price fall by 8.5% while the AMZI was only down 4.5%. The weakness in PAA and ETP, both significant weights in the AMZI, had a significant impact on the overall performance of the AMZI.

Contribution to August AMZI Performance



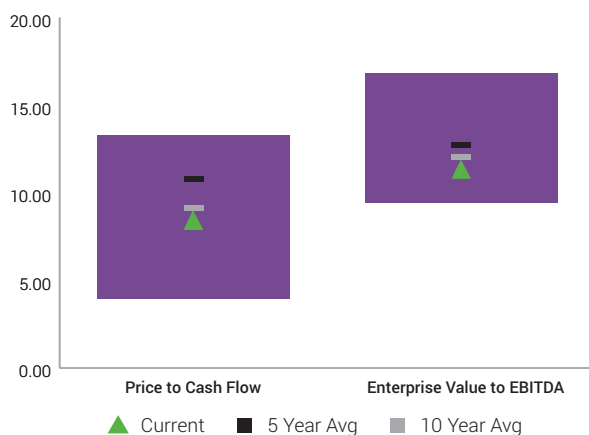
Source: Bloomberg as of 8/31/2017. **Past Performance is not indicative of future results.**

August was a poor month for ETP and PAA. Between the two holdings, they contributed more than one third to AMZI's negative performance.

Valuations indicate the AMZI is currently trading at a discount

After a tough month for energy prices and the MLP space alike, the AMZI index appears to be trading at a discount. As of the end of August, the AMZI is trading below historical averages for price to cash flow as well as enterprise value to earnings before interest, taxes, depreciation, and amortization (EBITDA). Specifically, the AMZI is approximately 16% below five year averages, and 3% below 10 year averages.

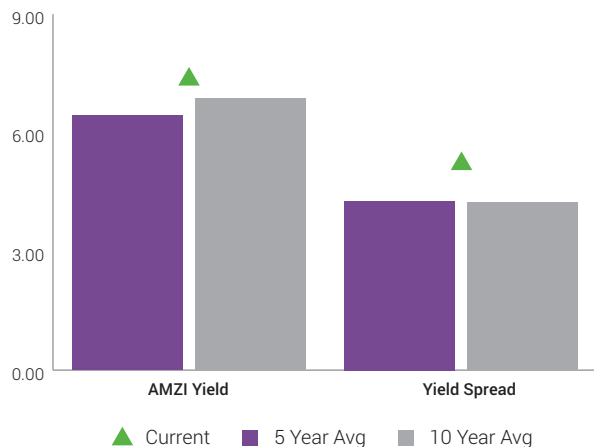
AMZI Current Values vs Historical Range



Source: Bloomberg as of 8/31/2017. **Past Performance is not indicative of future results.**

Current AMZI multiples are trading below five and ten year averages.

MLP Yield & Spread to 10 Year Treasury



Source: Bloomberg as of 8/31/2017. **Past Performance is not indicative of future results.**

Even as we have seen slight decreases in distributions for the MLP space over the past several years, yields have remained attractive for many investors. When looking at the current yield of the AMZI, the index sits above five and ten year averages. In addition, the spread to the ten year US treasury is trading 30% above five and ten year averages which may be another indicator of a discount.

Important Disclosure & Definitions

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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.

The AMZI Index is a composite of energy infrastructure Master Limited Partnerships. 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.

MLPs represented by the Alerian MLP Infrastructure Index (AMZI)

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. An investor cannot 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.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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