

ALERIAN MLP ETF MONTHLY INSIGHTS

August 2018

Key Takeaways

- Master Limited Partnerships (MLPs) continued to move higher in August with the Alerian MLP Infrastructure Index (AMZI) +2.17%.
- WTI rose 1.51% in August on fears of Iranian sanctions contributing to global supply constraints
- The Permian continues to be the most fruitful U.S. shale basin with production numbers projected at all-time highs¹
- MLP bellwether, Energy Transfer Partners LP (ETP) announced that it would be acquired by its general partner

Performance Notes

- MLPs were the only positive energy sector for the month of August, even as crude rose to a four-week high on potential supply constraints due to looming Iran sanctions.
- Energy Transfer Equity LP (ETE) announced that it would acquire Energy Transfer Partners LP (ETP, **9.78% weight in AMZI**), which positively impacted the MLP space and particularly the Natural Gas Transportation group in August.
- Over the past few years, the MLP sector has pursued various forms of simplification, including IDR eliminations and consolidations. This has resulted in more transparency, improved long-term positioning, and a reduced cost of capital.

August 2018 Performance			
	Aug-18	YTD	1YR
AMZI (MLP Infrastructure Index)	2.17%	7.29%	5.99%
<i>Gathering & Processing</i>	-0.07%	3.95%	4.32%
<i>Natural Gas Transportation</i>	1.61%	2.44%	1.98%
<i>Petroleum Transportation</i>	0.63%	0.90%	-0.31%
Energy Select Sector Index	-3.38%	4.70%	22.39%
S&P Oil & Gas E&P Select Index	-1.48%	14.28%	41.85%
S&P Oil & Gas Equip Select Index	-4.78%	-4.77%	22.83%
Crude Oil (WTI)	1.51%	15.52%	47.79%
10 YR Treasury Yield (Return)	-3.36%	18.91%	35.11%

Index returns are total returns.

Source: Bloomberg, L.P., as of 8/31/2018.

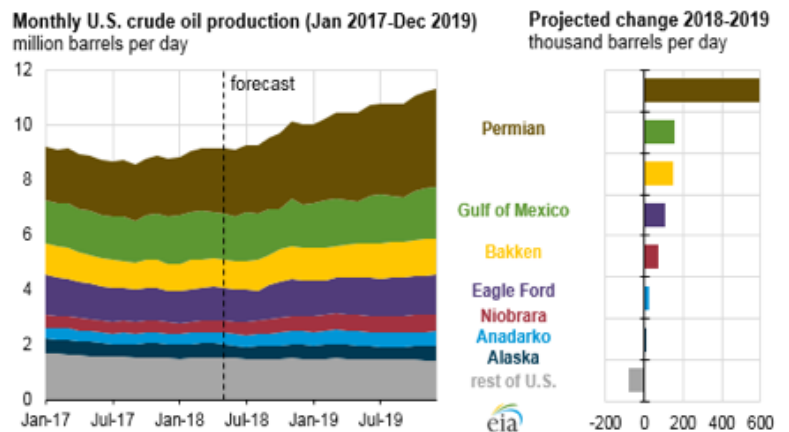
Past performance does not indicate future returns.

Standardized performance on page 3.

- Despite constraint issues in the Permian, the region has continued to be a driver in crude production growth. The EIA projects 2018 production to average 10.7 million barrels per day for the US, with the Permian contributing 3.3 million bpd. *
- The crude spread between Cushing, Oklahoma and Midland, Texas (Permian basin) was \$17.90 at the end of August, indicating a lack of pipeline capacity to transport Permian crude. MLP crude (and natural gas) pipeline projects from the Permian have been announced recently to better match takeaway capacity with expected supply growth.

* Source: <https://www.eia.gov/todayinenergy/detail.php?id=36936>

¹ Source: Alerian, Bloomberg L.P., as of 8/31/2018



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

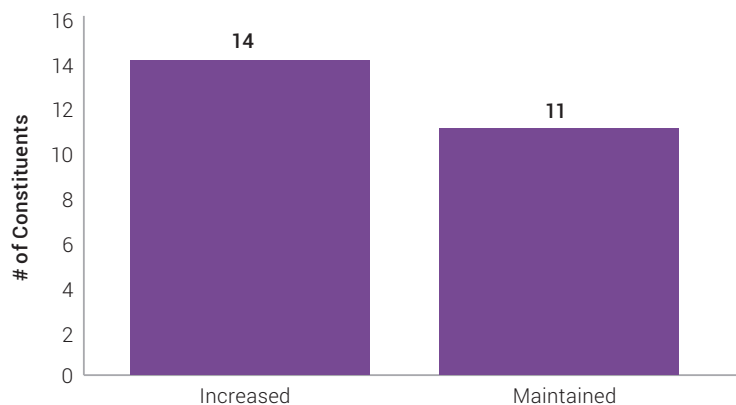
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Constituent News

- For the second quarter distributions that were declared by the MLPs in the AMZI, 14 MLPs increased their quarterly distributions, while 11 MLPs maintained their current rate.
- Energy Transfer Equity LP (ETE) announced an acquisition of its MLP, Energy Transfer Partners LP (ETP) making it the largest MLP-MLP transaction on record. This marks the final IDR elimination of an MLP with a market cap greater than a \$10B AMZI. *Note: ETE will remain an MLP after the deal closes.*
- Williams Partners LP (WPZ 9.03% weight in the AMZI as of 8//10/18) was acquired by Williams Cos Inc (WMB) on 8/10/2018 and was removed from the AMZI index in a special rebalancing on 8/10/2018. As of 8/31/18, the AMZI held 25 names in the index.

2Q18 AMZI Constituent Distribution Actions



Source: Bloomberg, L.P., as of 8/31/2018.

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Valuation Update

- Despite MLPs' continued gains in August, the AMZI still largely trades at depressed valuations to historical figures.
- Despite cash flows for the AMZI up +22.4% over the trailing twelve month period (per Bloomberg), the AMZI continues to trade at a discount to its historical P/CF.

AMZI Current Valuations			
	Current	3YR Avg	Delta
Price/Cash Flow (TTM)	7.20x	8.24x	-12.70%
Enterprise Value/EBITDA	11.03x	11.22x	-1.70%
Yield	7.60%	7.60%	0.00%

Source: Bloomberg, L.P., as of 8/31/2018

AMLP Performance as of June 30, 2018

Total Returns	Cumulative				Annualized			
	1 Mo.	3 Mo.	YTD	S.I.	1 Yr.	3 Yr.	5 Yr.	S.I.
Alerian MLP ETF (Net Asset Value)	-1.36%	10.79%	-2.11%	16.59%	-7.71%	-5.80%	-3.71%	1.97%
Alerian MLP ETF (Market Price)	-1.54%	10.19%	-1.84%	16.71%	-7.78%	-5.79%	-3.71%	1.99%
Alerian MLP Infrastructure Index	-1.25%	11.12%	-1.67%	40.11%	-7.49%	-6.53%	-4.03%	4.39%

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 8/25/2010

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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Top 10 Holdings[^]

ENTERPRISE PRODUCTS	10.07%
MAGELLAN MIDSTREAM PA	9.94%
PLAINS ALL AMER PIPELIN	9.92%
ENERGY TRANSFER PART	9.78%
MPLX LP	9.16%
BUCKEYE PARTNERS LP	4.62%
WESTERN GAS PARTNER	4.40%
EQT MIDSTREAM PARTNE	4.26%
ANDEAVOR LOGISTICS LP	3.87%
DCP MIDSTREAM LP	3.35%

[^] As of August 31st, 2018

Daily holdings are available on the alpsfunds.com website

Holdings are subject to change

Important Disclosure & 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 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)

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

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

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