

# ALPS | Alerian Energy Infrastructure Portfolio

Commentary | June 2025

## Key Takeaways

- In 2Q25, the ALPS | Alerian Energy Infrastructure Portfolio (ALEFX) fell -0.99% on a total return basis, demonstrating resilient performance amid volatility in oil prices. The energy sector was the worst-performing sector in the S&P 500 Index in 2Q25.
- Since 2023, ALEFX holdings have collectively repurchased almost \$8 billion in common equity, led largely by Cheniere Energy (**LNG, 5.2% Weight\***), as companies continue to generate solid free cash flow.
- At the end of June, ALEFX's underlying index, the Alerian Midstream Energy Select Index (AMEI), was trading at a forward EV/EBITDA multiple of 10.31x based on 2026 consensus estimates – above its three-year average multiple of 9.65x.

## Performance Notes

The second quarter was characterized by volatility for equities broadly amid tariff and geopolitical headlines, with energy a clear laggard. Against the challenging backdrop, ALEFX fell just 0.99% on a total return basis for the quarter. Energy infrastructure companies remained defensive, supported by their fee-based business models, which provide some insulation from commodity price volatility. The broad Energy Select Sector Index (IXE) fell 8.47% for the quarter as the US oil benchmark fell 8.91%.

For the first half of the year, ALEFX gained 5.39% on a total return basis. This compares to a 0.66% total return for the IXE and 6.20% total return for the S&P 500 during the period. Energy infrastructure has remained a bright spot in energy amid oil price swings. US oil prices briefly rose above \$80/bbl in January but fell below \$60/bbl in May.

Looking at portfolio performance for 2Q25, Storage, which only includes Gibson Energy (**GEI CN, 2.0% Weight\***), was the best-performing subsector, followed by Liquefaction. The other subsectors saw small losses on a total return basis for the quarter.

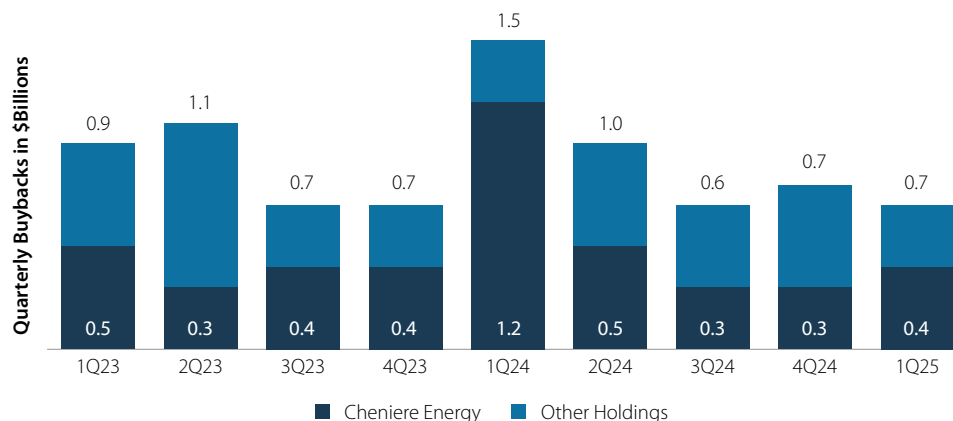
## Outlook

While equity markets have grappled with volatility and uncertainty this year, energy infrastructure has performed well. Energy infrastructure companies benefit from their defensive characteristics including healthy dividends and fee-based business models. Looking to the balance of the year, ALEFX can remain defensive if oil prices weaken. Alternatively, if oil prices can hold around \$60-65 per barrel, US oil production likely continues to grow.

Meanwhile, midstream companies are poised to benefit from an expected step change in North American natural gas demand over the coming years, driven by liquefied natural gas exports and a growing electricity demand, including for data centers. Natural gas pipeline announcements remain a potential catalyst for ALEFX holdings. Natural gas demand growth and a supportive regulatory backdrop are even reviving natural gas pipeline projects in the Northeast US that had been cancelled in the past.

Broadly, companies are expected to continue generating free cash flow and prioritizing returns to shareholders. Dividend growth is expected to remain a tailwind, and buybacks can also be supportive. As shown below, ALEFX holdings have collectively spent nearly \$8 billion on equity repurchases since the start of 2023, including \$4.1 billion in repurchases by Cheniere Energy (**LNG, 5.2% Weight\***). Repurchases for 1Q25 totaled \$0.7 billion.

**ALEFX Holdings Have Spent Almost \$8 Billion on Buybacks Since 2023**



Source: Company reports, as of June 30, 2025

\* Weight in ALEFX as of 6/30/2025

## Constituent News

- Williams (**WMB, 6.5% Weight\***) announced first quarter earnings ahead of Wall Street consensus forecasts and raised 2025 adjusted EBITDA guidance by \$50 million at the midpoint. WMB also announced the Power Express expansion for the Transco system. The project is expected to come online in 2030.
- Cheniere Energy (**LNG, 5.2% Weight\***) announced plans to begin construction of two more midscale trains at Corpus Christi, which will add three million tons per annum (MTPA) of liquefaction capacity. Combining the project with debottlenecking, Cheniere raised its run rate capacity by ~6 MTPA to 60-63 MTPA. The company sees a path to grow its capacity to 75 MTPA by the early 2030s. Cheniere expects to raise its dividend for 3Q25 by 11%.
- Plains All American (**PAGP, 5.0% Weight\***) is selling its Canadian natural gas liquids business to Keyera (**KEY CN, 5.0% Weight\***) for \$5.15 billion CAD (\$3.75 billion USD). Expected to close in 1Q26, the transaction will make Plains a midstream oil pure play, while reducing commodity price exposure and enhancing the company's free cash flow profile. For Keyera, the assets complement its existing footprint, and the company expects \$100 million in run-rate synergies in the near-term after closing.

## About ALEFX's Underlying Index

The Alerian Midstream Energy Select Index (AMEI) is a composite of North American energy infrastructure companies. It includes MLPs and corporations listed in the US and Canada. The index was launched on April 1, 2013.

AMEI is the underlying index for the ALPS | Alerian Energy Infrastructure Portfolio (ALEFX) and the Alerian Energy Infrastructure ETF (ENFR).

\* Weight in ALEFX as of 6/30/2025

## Performance as of 6/30/2025

Total Returns	Cumulative			Annualized					Expense Ratio	
	1 M	3 M	YTD	1 Y	3 Y	5 Y	10 Y	SI <sup>1</sup>	Total Operating Expenses	What You Pay <sup>2</sup>
Class I (NAV)	2.93%	-0.85%	5.67%	26.19%	22.36%	24.71%	7.13%	6.59%	<b>0.96%</b>	0.95%
Class III (ALEFX) (NAV)	2.94%	-0.99%	5.39%	25.65%	21.91%	24.25%	6.74%	6.17%	<b>1.31%</b>	1.30%
Alerian Midstream Energy Select Index - TR	3.09%	-0.35%	6.49%	28.17%	24.12%	26.65%	8.63%	8.07%		

**Performance data quoted represents past performance. Past performance is no guarantee of future results so that shares, when redeemed, may be worth more or less than their original cost. The investment return and principal value will fluctuate. Current performance may be higher or lower than the performance quoted. For current month-end performance call 1-866-759-5679 or visit [www.alpsfunds.com](http://www.alpsfunds.com).**

The performance shown does not reflect the impact of costs associated with variable contracts, qualified pension and retirement plans or registered and unregistered separate accounts which, when deducted, will reduce the return figures quoted.

<sup>1</sup> Portfolio inception date: 4/30/2013

<sup>2</sup> What You Pay reflects the Adviser's decision to contractually limit expenses through 4/29/2026. Please see the prospectus for additional information.

## Top 10 Holdings

Energy Transfer LP	8.8%	Cheniere Energy, Inc.	5.2%
Enbridge, Inc.	7.8%	DT Midstream, Inc.	5.2%
Enterprise Products Partners LP	7.1%	Keyera Corp.	5.0%
The Williams Cos., Inc.	6.5%	Plains GP Holdings LP	5.0%
Kinder Morgan, Inc.	5.3%	MPLX LP	5.0%

As of 6/30/2025, subject to change

## Important Disclosures & Definitions

**An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus containing this and other information, call 1-866-759-5679 or visit [www.alpsfunds.com](http://www.alpsfunds.com). Read the prospectus carefully before investing.**

Performance data quoted represents past performance. Past performance is no guarantee of future results; current performance may be higher or lower than performance quoted. All investments are subject to risks, including the loss of money and the possible loss of the entire principal amount invested. Additional information regarding the risks of this investment is available in the prospectus.

Shares of the Portfolio are only offered to participating insurance companies and their separate accounts to fund the benefits of variable annuity contracts and variable life insurance policies. Shares of the Portfolio also may be used as investment vehicles for qualified pension and retirement plans and certain registered and unregistered separate accounts.

Investments in securities of Master Limited Partnerships (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.

A portion of the benefits you are expected to derive from the Portfolio'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 or more MLPs as a corporation for federal income tax purposes could affect the Portfolio'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 Portfolio.

The Portfolio invests primarily in a particular sector and could experience greater volatility than a portfolio investing in a broader range of industries.

The Portfolio may be subject to risks relating to its investment in Canadian securities. Because the Portfolio will invest in securities denominated in foreign currencies and the income received by the Portfolio will generally be in foreign currency, changes in currency exchange rates may negatively impact the Portfolio'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.

Alerian Midstream Energy Select Index: a composite of North American energy infrastructure companies. The capped, float-adjusted, capitalization-weighted index constituents are engaged in midstream activities involving energy commodities.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): a measure of a company's overall financial performance.

Energy Select Sector Index: a modified capitalization-weighted index representing the performance of energy companies that are components of the S&P 500 Index.

Enterprise Multiple (EV/EBITDA): a ratio used to determine the value of a company by considering the company's debt. The enterprise multiple is the enterprise value (EV) (market capitalization + total debt – cash and cash equivalents) divided by EBITDA (earnings before interest, taxes, depreciation and amortization).

S&P 500 Index: widely regarded as the best single gauge of large-cap US equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

One may not invest directly in an index.

ALPS Advisors, Inc., registered investment adviser with the SEC, is the investment adviser to the Portfolio. ALPS Advisors, Inc. and ALPS Portfolio Solutions Distributor, Inc., affiliated entities, are unaffiliated with VettaFi and the Alerian Index Series.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the Portfolio.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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