

Alerian Energy Infrastructure ETF

Monthly Insights | April 2024

Key Takeaways

- The Alerian Energy Infrastructure ETF (ENFR) fell just -0.59% in April as the broader equity market softened following weak economic sentiment and oil prices dipped.
- Total yield for ENFR's underlying index has remained attractive at approximately 7.0% even with solid performance in recent years.
- At the end of April, ENFR's underlying index, the Alerian Midstream Energy Select Index (AMEI), was yielding 6.00% and was trading at a discount to its three-year average forward EV/EBITDA multiple.

Performance Notes

ENFR dipped -0.59% on a total-return basis in April, as equities broadly softened. ENFR outperformed the S&P 500, which was down -4.08% on a total-return basis, and was relatively in line with the broad Energy Select Sector Index (IXE), which was down -0.89% on a total-return basis for the month. The price of WTI oil slipped -1.49% in April, while natural gas prices rose 12.93%. ENFR holdings began reporting earnings for 1Q24 at the end of April, with results coming in largely in-line or ahead of consensus estimates. Notably, April is the only month so far in 2024 that ENFR has had a negative total return. Year-to-date, ENFR is up 11.21% on a total-return basis, lagging the IXE slightly but outpacing the 6.04% total return for the S&P 500.

Digging into portfolio performance for the month, Gathering and Processing (G&P) was the best-performing subsector and the only subsector with gains for the month. Petroleum Transportation was the second-best performer.

April 2024 Performance

	Apr-24	QTD	YTD	1 Y
Alerian Energy Infrastructure ETF (ENFR) (NAV)	-0.59%	-0.59%	11.21%	24.85%
Alerian Midstream Energy Select Index (AMEI)	-0.58%	-0.58%	11.37%	25.64%
Subsector Total Return:				
Gathering & Processing	0.99%	0.99%	19.07%	49.04%
Natural Gas Transportation	-1.48%	-1.48%	10.61%	20.32%
Petroleum Transportation	-0.21%	-0.21%	8.31%	19.23%
Storage	-3.65%	-3.65%	9.80%	4.24%
Liquefaction	-3.01%	-3.01%	-6.75%	-3.35%
Energy Select Sector Index (IXE)	-0.89%	-0.89%	11.88%	13.81%
Crude Oil (WTI)	-1.49%	-1.49%	14.35%	6.71%
Crude Oil (WCS - Western Canadian Select)	-1.59%	-1.59%	9.38%	11.42%

Source: Bloomberg L.P., as of 4/30/2024

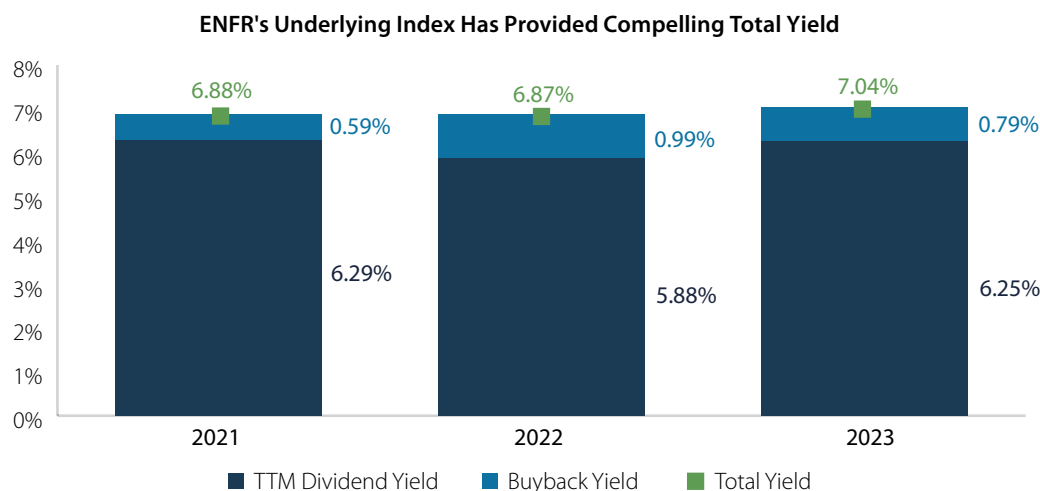
Performance data quoted represents past performance. Past performance is no guarantee of future results so that shares, when redeemed, may be worth more or less than their original cost. The investment return and principal value will fluctuate. Current performance may be higher or lower than the performance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

For standardized performance please see page 3.

Index returns are total returns.

Outlook

ENFR holdings have continued to prioritize investor returns through growing dividends and opportunistic buybacks. As of April 30th, six ENFR holdings had increased their dividends sequentially. With only a few names having reported earnings, two holdings were active with repurchases in 1Q24. As shown in the chart below, dividend growth has contributed to generous yields, and buyback activity has enhanced total yield. At the end of April, 72.4% of ENFR by weighting had a buyback authorization in place. An emphasis on free cash flow generation and execution on shareholder returns is expected to remain intact as the remainder of portfolio companies report 1Q24 earnings. While the macro energy landscape has been largely supportive so far in 2024, midstream remains well positioned to weather any commodity price volatility given the defensiveness of its fee-based business models.



*Yields based on price for last trading day of the year. Buyback yield based on annual repurchase amounts and includes Magellan Midstream Partners' (MMP) repurchases through 6/30/2023. MMP was acquired in 3Q23. Dollar amounts for Canadian companies are in CAD.
Source: VettaFi, Company reports, as of 4/30/2024*

Constituent News

- Enterprise Products Partners (**EPD, 8.32% Weight***) announced earnings results for 1Q24 ahead of Wall Street forecasts and reported \$40 million in equity repurchases for the quarter.
- Targa Resources (**TRGP 5.28% Weight***) increased its dividend 50% to \$0.75 per share in line with previously issued guidance.
- ONEOK (**OKE, 5.09% Weight***) noted increased volumes across all business segments in its 1Q24 results and raised 2024 adjusted EBITDA guidance by \$75 million at the midpoint.
- Western Midstream Partners (**WES, 1.71% Weight***) increased its distribution 52% sequentially to \$0.8750 per unit for 1Q24 in line with previously issued guidance.

Valuation Update

- At the end of April, ENFR's underlying index, AMEI, was trading at a forward EV/EBITDA multiple of 8.83x based on 2025 consensus estimates – a discount to its three-year average ratio of 9.65x.
- The current yield for AMEI is 6.00%, which is below its three-year average of 6.11%.

* Weight in ENFR as of 4/30/2024

	AMEI Current Valuations		
	Current	3 Year Avg	Delta
Price/Cash Flow (TTM)	5.70x	5.59x	2.05%
Enterprise Value/EBITDA [^]	8.83x	9.65x	-8.50%
Yield	6.00%	6.11%	-1.70%
ENFR 30-Day SEC Yield	5.44%		

Source: Bloomberg L.P. and VettaFi, as of 4/30/2024

Past performance is no guarantee of future results.

[^] NEXT and TELL were excluded from the current EV/EBITDA calculation as outliers.

Alerian Energy Infrastructure ETF (ENFR) Performance

Total Returns	Cumulative as of 4/30/2024				Annualized as of 3/31/2024				
	1 M	3 M	YTD	SI ¹	1 Y	3 Y	5 Y	10 Y	SI ¹
NAV (Net Asset Value)	-0.59%	10.54%	11.21%	64.33%	28.53%	20.89%	9.87%	4.46%	4.94%
Market Price	-0.55%	10.59%	11.21%	64.39%	28.65%	20.84%	9.87%	4.44%	4.94%
Alerian Midstream Energy Select Index - TR	-0.58%	10.63%	11.37%	79.18%	29.37%	21.69%	10.77%	5.31%	5.82%
Alerian MLP Index - TR	-1.22%	7.72%	12.50%	39.28%	38.46%	29.44%	11.46%	3.05%	3.35%

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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.

¹ Fund inception date: 10/31/2013

Total Operating Expenses: **0.35%**

Top 10 Holdings

ENERGY TRANSFER LP	9.68%
ENBRIDGE INC	8.35%
ENTERPRISE PRODUCTS PARTNERS	8.32%
TARGA RESOURCES CORP	5.28%
WILLIAMS COS INC	5.18%
ONEOK INC	5.09%
PLAINS GP HOLDINGS LP-CL A	5.05%
EQUITRANS MIDSTREAM CORP	5.03%
KINDER MORGAN INC	4.96%
CHENIERE ENERGY INC	4.96%

As of 4/30/2024, subject to change
Daily holdings are available at www.alpsfunds.com.

Important Disclosures & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. This material must be preceded or accompanied by the [prospectus](#). Read the prospectus carefully before investing.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemable.

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.

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 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 or 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 Fund employs a "passive management" - or indexing - investment approach and seeks investment results that correspond (before fees and expenses) generally to the performance of its underlying index. Unlike many investment companies, the Fund is not "actively" managed. Therefore, it would not necessarily sell or buy a security unless that security is removed from or added to the underlying index, respectively.

30-Day SEC Yield: reflects the dividends and interest earned during the period, after the deduction of the Fund's expenses.

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

Alerian MLP Index (AMZ): the leading gauge of energy infrastructure MLPs. The capped, float-adjusted, capitalization-weighted index constituents earn the majority of their cash flow from midstream activities involving energy commodities.

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

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).

Price/Cash Flow (P/CF) Ratio: represents the weighted average of the price/cash flow ratios of the stocks in a portfolio. Price/cash flow represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

One may not invest directly in an index.

ALPS Advisors, Inc., registered investment adviser with the SEC, is the investment adviser to the Fund. 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 Fund.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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