

Ticker: ENFR

Alerian Energy Infrastructure ETF

Monthly Insights | October 2024

Key Takeaways

- The Alerian Energy Infrastructure ETF (ENFR) rose 3.79% in October, outperforming broader energy equities as well as the S&P 500.
- ENFR offers diversified exposure to midstream MLPs and US and Canadian C-Corps, which are not likely to be owned in a broad equity allocation.
- At the end of October, ENFR's underlying index, the Alerian Midstream Energy Select Index (AMEI), was yielding 5.44% and was trading above its three-year average forward EV/EBITDA multiple.

Performance Notes

ENFR posted strong performance in October, up 3.79% on a total-return basis as companies announced quarterly dividends and began reporting third quarter results. ENFR outperformed the S&P 500, which was down 0.91% for the month. Oil prices gained modestly during the month as geopolitical tensions eased. Meanwhile benchmark US natural gas prices fell 7.39%. ENFR outperformed broader energy, represented by the Energy Select Sector Index (IXE), which was up 0.92% in October. ENFR's outperformance relative to the S&P 500 and the IXE has continued throughout the year. Year-to-date, ENFR is up 32.48% on a total-return basis compared to 20.97% for the S&P 500 and 8.39% for the IXE.

Digging into portfolio performance for the month, Liquefaction was the best-performing subsector, followed by Natural Gas Pipeline Transportation.

October 2024 Performance

	Oct-24	QTD	YTD	1 Y
Alerian Energy Infrastructure ETF (ENFR) (NAV)	3.79%	3.79%	32.48%	40.74%
Alerian Midstream Energy Select Index (AMEI)	3.84%	3.84%	33.25%	41.83%
Subsector Total Return:				
Gathering & Processing	3.93%	3.93%	42.88%	50.41%
Natural Gas Transportation	6.42%	6.42%	36.98%	45.17%
Petroleum Transportation	-0.93%	-0.93%	21.85%	33.84%
Storage	1.03%	1.03%	15.12%	17.45%
Liquefaction	7.33%	7.33%	16.44%	20.82%
Energy Select Sector Index (IXE)				
Crude Oil (WTI)	1.60%	1.60%	-3.34%	-14.51%
Crude Oil (WCS - Western Canadian Select)	3.80%	3.80%	-9.99%	2.04%

Source: Bloomberg L.P., as of 10/31/2024

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.

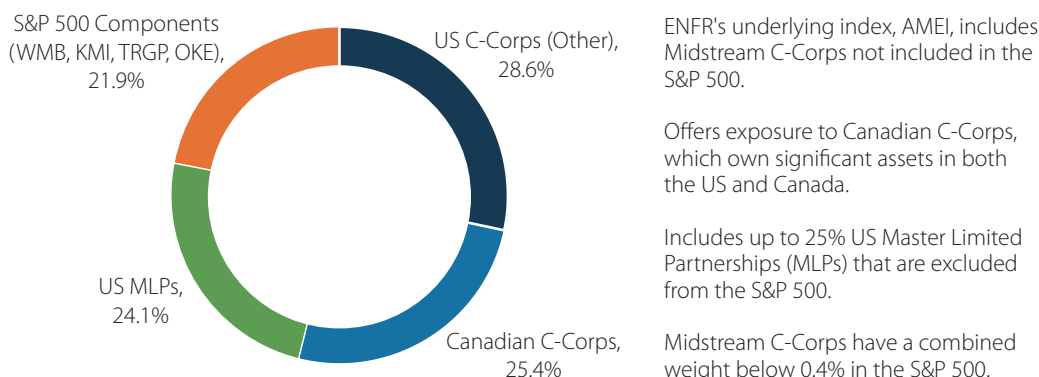
Outlook

Midstream earnings season will continue into early November, with companies highlighting free cash flow generation, returns to shareholders and growth opportunities, particularly related to natural gas. Midstream C-Corps with natural gas infrastructure have helped drive ENFR's outperformance relative to the S&P 500 this year. ENFR's composition of MLPs and US and Canadian C-Corps provides investors with diversified exposure to midstream companies, which investors may not otherwise own in a broad US equity allocation. As shown in the chart below, only four names in ENFR are in the S&P 500 and with negligible weights. Notably, Targa Resources (TRGP, 5.46% Weight*) is among the top ten performers in the S&P 500 through the first ten months of the year, up 96.49% on a total-return basis. ENFR provides greater exposure to TRGP and other S&P 500 midstream components, while also offering exposure to MLPs and other US and Canadian C-Corps not included in the S&P 500. ENFR's underlying index has a three-year, monthly correlation with the S&P 500 of 0.72.

Looking ahead, ENFR holdings are expected to continue generating free cash flow and prioritizing dividend growth and opportunistic buybacks. Companies can continue to benefit from expected growth in US natural gas demand, while remaining insulated from commodity price volatility and generating stable cash flows.

*Weight in ENFR as of 10/31/2024

ENFR Offers Diversified Midstream Exposure



Source: VettaFi, SS&C ALPS Advisors, Refinitiv Eikon, as of 10/31/2024

Constituent News

- ONEOK (OKE, 5.14% Weight*) raised its standalone, 2024 guidance for adjusted EBITDA to \$6.275 billion at the midpoint, up from \$6.175 billion, while its guidance for capital expenditures remained unchanged.
- Cheniere Energy (LNG, 5.19% Weight*) increased its dividend for the third quarter by 14.93% to \$0.50 per share and repurchased \$282 million in equity.
- Kinetik Holdings (KNTK, 1.61% Weight*) increased its dividend for the first time, raising its payout for the third quarter by 4.00% to \$0.78 per share.
- South Bow Corporation (SOBO CN, 0.52% Weight*) was spun off from TC Energy (TRP CN, 4.84% Weight*) and was subsequently added to ENFR's underlying index.

Valuation Update

- At the end of October, ENFR's underlying index, AMEI, was trading at a forward EV/EBITDA multiple of 10.14x based on 2025 consensus estimates – above its three-year average ratio of 9.60x.
- The current yield for AMEI is 5.44%, which is below its three-year average of 6.09%.

* Weight in ENFR as of 10/31/2024

	AMEI Current Valuations		
	Current	3 Year Avg	Delta
Price/Cash Flow (TTM)	7.21x	5.72x	26.14%
Enterprise Value/EBITDA [^]	10.14x	9.60x	5.58%
Yield	5.44%	6.09%	-10.65%
ENFR 30-Day SEC Yield	4.72%		

Source: Bloomberg L.P. and VettaFi, as of 10/31/2024

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 10/31/2024				Annualized as of 9/30/2024				
	1 M	3 M	YTD	SI ¹	1 Y	3 Y	5 Y	10 Y	SI ¹
NAV (Net Asset Value)	3.79%	8.58%	32.48%	95.75%	34.87%	19.89%	13.43%	4.42%	5.99%
Market Price	3.86%	8.61%	32.60%	96.02%	34.90%	19.90%	13.44%	4.42%	5.99%
Alerian Midstream Energy Select Index - TR	3.84%	8.80%	33.25%	114.37%	35.88%	20.66%	14.35%	5.26%	6.87%
Alerian MLP Index - TR	-1.34%	-1.24%	16.97%	44.82%	24.46%	25.47%	13.50%	1.82%	3.58%

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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	8.97%
ENBRIDGE INC	7.79%
ENTERPRISE PRODUCTS PARTNERS	7.39%
DT MIDSTREAM INC	5.73%
WILLIAMS COS INC	5.65%
KINDER MORGAN INC	5.62%
TARGA RESOURCES CORP	5.46%
CHENIERE ENERGY INC	5.19%
ONEOK INC	5.14%
PEMBINA PIPELINE CORP	4.92%

As of 10/31/2024, 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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