

Alerian Energy Infrastructure ETF

Monthly Insights | January 2025

Key Takeaways

- The Alerian Energy Infrastructure ETF (ENFR) rose 3.38% in January, outperforming both the S&P 500 and broader energy equities.
- Moderate energy production growth in the US and Canada is supportive of midstream EBITDA growth in 2025.
- At the end of January, 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 rose 3.38% on a total-return basis in January, ahead of the S&P 500, which rose 2.78%. ENFR also outperformed broader energy for the month, with the Energy Select Sector Index (IXE) up 2.40% on a total-return basis. Several ENFR holdings announced increased dividends in January, which was supportive for performance. Oil and natural gas prices ended the month mixed, with WTI rising 1.13% and natural gas falling 16.21%.

Digging into portfolio performance for the month, Pipeline Transportation | Petroleum was the best performing subsector, followed by Liquefaction. All subsectors in ENFR saw positive performance in January except Storage, which saw a modest decline and only includes Gibson Energy (**GEI CN, 1.91% Weight***). Select Canadian names lagged in January, perhaps reflecting tariff concerns, while some Pipeline Transportation | Natural Gas names saw pressure following the DeepSeek news, which called into question the natural gas demand related to data centers. There has been a wide range of estimates for natural gas demand from data centers, and this remains a wildcard. Importantly, exports are a larger and clearer driver of natural gas demand over the next few years.

Outlook

ENFR holdings continue to prioritize generating free cash flow and returning cash to shareholders through dividends and buybacks (see constituent news). Eight ENFR holdings announced sequential dividend increases for the fourth quarter of 2024 (paid in 1Q25), with three names still to announce their payouts. No holdings cut their payouts. Most names in ENFR will announce fourth quarter results in February, with several expected to provide financial guidance for the year ahead. Companies that have already provided 2025 outlooks are largely expecting mid-single-digit percentage EBITDA growth relative to 2024. This coincides with moderate energy production growth in the US and Canada, with Canadian oil production forecasts shown below. At the end of January, Canadian companies represented 26.26% of ENFR by weighting. While the fate of Canadian tariffs remains unclear at writing, tariffs would be expected to have a greater impact on Canadian producers and US refiners than midstream, as pipelines between the US and Canada tend to be highly contracted.

Beyond 2025, North American natural gas demand and production are expected to see notable growth as liquefied natural gas (LNG) export capacity increases. Rising electricity demand (including data centers), coal plant retirements and industrial onshoring also add to a constructive outlook for natural gas. Given healthy yields and relative insulation from commodity price volatility, midstream represents a compelling way to play the structural growth in the North American natural gas market.

*Weight in ENFR as of 1/31/2025

January 2025 Performance

	Jan-25	QTD	YTD	1 Y
Alerian Energy Infrastructure ETF (ENFR) (NAV)	3.38%	3.38%	3.38%	45.97%
Alerian Midstream Energy Select Index (AMEI)	3.47%	3.47%	3.47%	47.12%
Subsector Total Return:				
Gathering & Processing	3.55%	3.55%	3.55%	54.20%
Natural Gas Transportation	2.20%	2.20%	2.20%	54.44%
Petroleum Transportation	5.29%	5.29%	5.29%	30.01%
Storage	-0.80%	-0.80%	-0.80%	13.19%
Liquefaction	4.68%	4.68%	4.68%	46.75%
Energy Select Sector Index (IXE)				
Crude Oil (WTI)	1.13%	1.13%	1.13%	-4.38%
Crude Oil (WCS - Western Canadian Select)	-3.35%	-3.35%	-3.35%	-2.24%

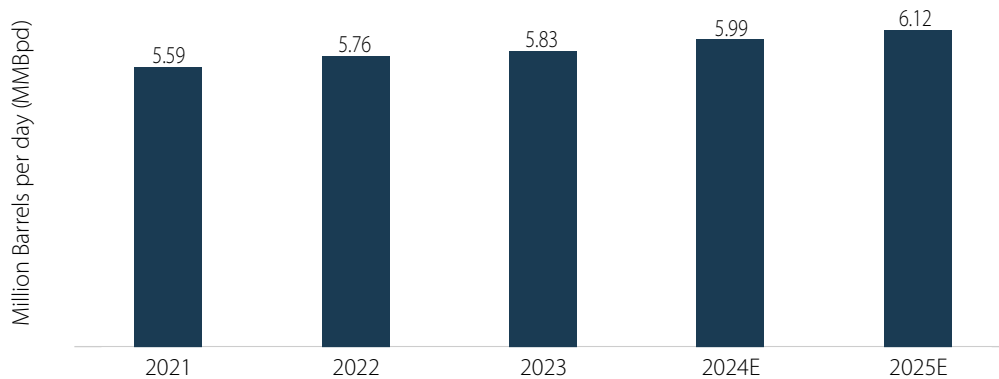
Source: Bloomberg L.P., as of 1/31/2025

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.

Canadian Oil Production Expected to Surpass 6 MMBpd in 2025



Source: International Energy Agency, Oil Market Report - October 2024

Constituent News

- Plains All American (**PAGP, 4.52% Weight***) increased its distribution by 20%, representing an increase of \$0.25 per unit on an annualized basis compared to prior guidance for a \$0.15 per unit increase.
- Williams Companies (**WMB, 5.21% Weight***) increased its dividend for the fourth quarter of 2024 by 5.3% to \$0.50 per share, in line with its 2025 guidance range of 5-7% growth.
- Kinder Morgan (**KMI, 4.93% Weight***) sanctioned the Trident Intrastate Pipeline Project, which will add 1.5 billion cubic feet per day of capacity from Katy, Texas (outside Houston) to the Port Arthur area, representing the fourth major natural gas pipeline project announced in recent months.
- ONEOK (**OKE, 6.94% Weight***) increased its dividend by 4.0% to \$1.03 per share and announced that it had repurchased \$171.7 million in shares as of mid-January, marking the first use of its \$2 billion buyback authorization.

Valuation Update

- At the end of January, ENFR's underlying index, AMEI, was trading at a forward EV/EBITDA multiple of 10.30x based on 2026 consensus estimates – above its three-year average ratio of 9.64x.
- The current yield for AMEI is 5.44%, which is below its three-year average of 6.00%.

* Weight in ENFR as of 1/31/2025

	AMEI Current Valuations		
	Current	3 Year Avg	Delta
Price/Cash Flow (TTM)	7.33x	5.85x	25.40%
Enterprise Value/EBITDA [^]	10.30x	9.64x	6.85%
Yield	5.44%	6.00%	-9.26%
ENFR 30-Day SEC Yield	4.81%		

Source: Bloomberg L.P. and VettaFi, as of 1/31/2025

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 1/31/2025				Annualized as of 12/31/2024				
	1 M	3 M	YTD	SI ¹	1 Y	3 Y	5 Y	10 Y	SI ¹
NAV (Net Asset Value)	3.38%	10.85%	3.38%	116.99%	42.06%	24.59%	15.36%	6.05%	6.87%
Market Price	3.34%	10.77%	3.34%	117.13%	42.13%	24.45%	15.43%	6.06%	6.87%
Alerian Midstream Energy Select Index - TR	3.47%	11.14%	3.47%	138.26%	43.13%	25.46%	16.31%	6.90%	7.75%
Alerian MLP Index - TR	8.79%	15.71%	8.79%	67.57%	24.41%	27.27%	15.56%	3.67%	3.94%

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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	9.80%
ENTERPRISE PRODUCTS PARTNERS	7.39%
ENBRIDGE INC	7.30%
ONEOK INC	6.94%
PLAINS GP HOLDINGS LP-CL A	5.28%
WILLIAMS COS INC	5.21%
MPLX LP	5.15%
TARGA RESOURCES CORP	5.12%
CHENIERE ENERGY INC	5.03%
KINDER MORGAN INC	4.93%

As of 1/31/2025, 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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