

Alerian Energy Infrastructure ETF

Monthly Insights | February 2025

Key Takeaways

- The Alerian Energy Infrastructure ETF (ENFR) rose 1.73% in February, outperforming the S&P 500 as energy equities broadly rose.
- Alongside growth projects related to natural gas, ENFR holdings are also investing in natural gas liquids infrastructure, including new processing facilities and export capacity.
- At the end of February, ENFR's underlying index, the Alerian Midstream Energy Select Index (AMEI), was yielding 5.18% and was trading above its three-year average forward EV/EBITDA multiple.

Performance Notes

ENFR rose 1.73% on a total-return basis in February, outperforming the 1.30% loss for the S&P 500. ENFR raised its distribution by 2.79% sequentially to \$0.35568 per share, reflecting broad dividend increases among its holdings. Dividend growth continues to be a tailwind for midstream companies. As of February 28, 86.81% of ENFR's holdings by weighting have increased their dividends on a year-over-year basis. Energy equities generally gained in February, with the Energy Select Sector Index (IXE) up 3.80% on a total-return basis. Natural gas prices strengthened during the month on cooler weather, while oil fell slightly.

Digging into portfolio performance for the month, Pipeline Transportation | Petroleum was the best-performing subsector, followed by Gathering & Processing.

February 2025 Performance				
	Feb-25	QTD	YTD	1 Y
Alerian Energy Infrastructure ETF (ENFR) (NAV)	1.73%	5.16%	5.16%	42.63%
Alerian Midstream Energy Select Index (AMEI)	1.76%	5.29%	5.29%	43.83%
Subsector Total Return:				
Gathering & Processing	4.10%	7.79%	7.79%	49.87%
Natural Gas Transportation	-0.91%	1.27%	1.27%	46.52%
Petroleum Transportation	4.68%	10.22%	10.22%	34.00%
Storage	-11.99%	-12.69%	-12.69%	-3.54%
Liquefaction	1.85%	6.62%	6.62%	53.33%
Energy Select Sector Index (IXE)	3.80%	6.29%	6.29%	9.34%
Crude Oil (WTI)	-3.82%	-2.73%	-2.73%	-10.86%
Crude Oil (WCS - Western Canadian Select)	0.05%	-3.30%	-3.30%	-6.97%

Source: Bloomberg L.P., as of 2/28/2025

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.

Outlook

Most ENFR holdings reported fourth quarter results in February, highlighting their ongoing commitment to shareholder returns through dividend growth and buybacks (see constituent news below). Several companies initiated or updated 2025 financial guidance. Most companies are expecting moderate year-over-year growth in adjusted EBITDA for 2025, though names with recent acquisitions are expecting a more noticeable step change. Midstream remains well positioned amid oil price volatility given fee-based business models and more stable cash flows relative to other energy subsectors.

Companies continue to advance natural gas projects to help meet growing demand from power generation. Several names are also pursuing growth projects related to natural gas liquids (NGLs), which are produced alongside oil and natural gas. NGLs are removed from the raw natural gas stream at processing plants and are further processed into purity products like ethane and propane at fractionators. Midstream companies participate across the NGL value chain, from wells to export terminals, with multiple fee opportunities for processing and transportation in between. Several ENFR holdings are expanding their fractionation capacity in Mont Belvieu, Texas, as shown in the table below. In February, ONEOK (OKE, 7.23% Weight*) and MPLX (MPLX, 5.39% Weight*) announced a joint venture to build a new NGL export facility and related pipeline. Energy Transfer (ET, 9.30% Weight*), Targa Resources (TRGP, 5.29% Weight*) and Enterprise Products Partners (EPD, 7.62% Weight*) are expanding their existing NGL export capacity.

*Weight in ENFR as of 2/28/2025

**ENFR Holdings Expanding Fractionation Capacity on Gulf Coast
(In Thousand Barrels per Day)**

Company Name	New Fractionation Capacity	Location	Expected In-Service
ONEOK (OKE)	125	Mont Belvieu	4Q24
Targa Resources (TRGP)	150	Mont Belvieu	3Q27
TRGP, 39%/ OKE, 39%/ Phillips 66 (PSX, not in ENFR), 23% Joint Venture	135	Mont Belvieu	4Q24
Enterprise Products Partners (EPD)	150	Mont Belvieu	3Q25
Energy Transfer (ET)	165	Mont Belvieu	4Q26
MPLX (MPLX)	300	Mont Belvieu	2028 - 2029
Total:	1025		

Source: Company reports, as of 2/24/2025

Constituent News

- Targa Resources (TRGP, 5.29% Weight*) reported earnings for the fourth quarter of 2024 ahead of Wall Street estimates and repurchased \$108 million of its common equity during the quarter, bringing its total 2024 buybacks to \$755 million. TRGP reaffirmed it will recommend a \$0.25/share increase to its quarterly dividend to bring its payout to \$1.00/share for the first quarter of 2025.
- Cheniere Energy (LNG, 5.18% Weight*) repurchased \$281 million of its common equity during the fourth quarter of 2024, bringing the company's total equity repurchases in 2024 to \$2.3 billion. Cheniere guided to \$6.75 billion in 2025 adjusted EBITDA at the midpoint, which would represent an approximately 10% increase relative to 2024.
- Williams Companies (WMB, 5.51% Weight*) announced earnings for the fourth quarter of 2024 in line with Wall Street estimates and raised 2025 adjusted EBITDA guidance to \$7.65 billion at the midpoint, up from \$7.4 billion. The midpoint of 2025 guidance represents an 8% increase relative to 2024 adjusted EBITDA.
- DT Midstream (DTM, 4.59% Weight*) announced two new natural gas projects to meet demand for power generation and announced a 12% increase to its dividend.

Valuation Update

- At the end of February, ENFR's underlying index, AMEI, was trading at a forward EV/EBITDA multiple of 10.48x based on 2026 consensus estimates – above its three-year average ratio of 9.65x.
- The current yield for AMEI is 5.18%, which is below its three-year average of 5.98%.

* Weight in ENFR as of 2/28/2025

	AMEI Current Valuations		
	Current	3 Year Avg	Delta
Price/Cash Flow (TTM)	8.79x	5.89x	49.26%
Enterprise Value/EBITDA [^]	10.48x	9.65x	8.65%
Yield	5.18%	5.98%	-13.34%
ENFR 30-Day SEC Yield	4.91%		

Source: Bloomberg L.P. and VettaFi, as of 2/28/2025

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 2/28/2025				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)	1.73%	-1.11%	5.16%	120.73%	42.06%	24.59%	15.36%	6.05%	6.87%
Market Price	1.69%	-1.28%	5.09%	120.80%	42.13%	24.45%	15.43%	6.06%	6.87%
Alerian Midstream Energy Select Index - TR	1.76%	-0.92%	5.29%	142.45%	43.13%	25.46%	16.31%	6.90%	7.75%
Alerian MLP Index - TR	3.43%	4.44%	12.53%	73.33%	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	9.31%
Enterprise Products Partners LP	7.62%
Enbridge Inc	7.25%
ONEOK Inc	7.24%
The Williams Companies Inc	5.51%
Plains GP Holdings LP	5.44%
MPLX LP	5.39%
Targa Resources Corp	5.29%
Cheniere Energy Inc	5.18%
Kinder Morgan Inc	4.90%

As of 2/28/2025, 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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