

ALERIAN MLP ETF MONTHLY INSIGHTS (AMLPL)

December 2018

Key Takeaways

- MLPs moved lower in December 2018, finishing down -8.34% as represented by the Alerian MLP Infrastructure Index (AMZI).
- WTI continued to decline in December 2018, falling -10.84% for the month, on oversupply fears.
- AMZI constituent EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization) is expected to grow at a healthy 10.4% year-over-year in 2019.

Performance Notes

- While the AMZI was down for the month of December 2018 -8.34%, it outperformed the broader energy sector, as represented by the Energy Select Sector Index, which was off -12.52%, as the price of WTI crude continued to fall on oversupply fears.
- Natural Gas Transportation held up better than the other midstream segments in December 2018 as the winter season has brought peak seasonal demand and a record amount of U.S. natural gas production.

- In December 2018, OPEC and its allies, namely Russia, agreed to cut crude production for the first six months of 2019 by 1.2 million barrels per day. Meanwhile, the Energy Information Administration (EIA) expects continued record crude production in the U.S., which is supportive of MLP fundamentals as volume-driven businesses.
- The EIA expects U.S. crude production to average 12.1 million barrels per day in 2019, up 11% from the expected 2018 average of 10.9 million barrels per day. Also included in its latest Short-Term Energy Outlook, the EIA forecasts that global fuels consumption (gasoline, diesel, etc.) will increase by 1.5 million barrels per day next year, driven mainly by demand growth from the US and Asia.

December 2018 Performance

	Dec-18	QTD	1YR
AMZI (MLP Infrastructure Index)	-8.34%	-16.30%	-11.94%
<i>Gathering & Processing</i>	-3.02%	-4.69%	-1.83%
<i>Natural Gas Transportation</i>	-1.88%	-4.26%	-2.79%
<i>Petroleum Transportation</i>	-3.44%	-7.48%	-7.45%
Energy Select Sector Index	-12.52%	-23.67%	-18.09%
S&P Oil & Gas E&P Select Index	-18.79%	-38.50%	-28.02%
S&P Oil & Gas Equip Select Index	-23.92%	-46.02%	-47.02%
Crude Oil (WTI)	-10.84%	-38.01%	-24.84%
10 YR Treasury Yield (Return)	-10.16%	-12.31%	11.59%

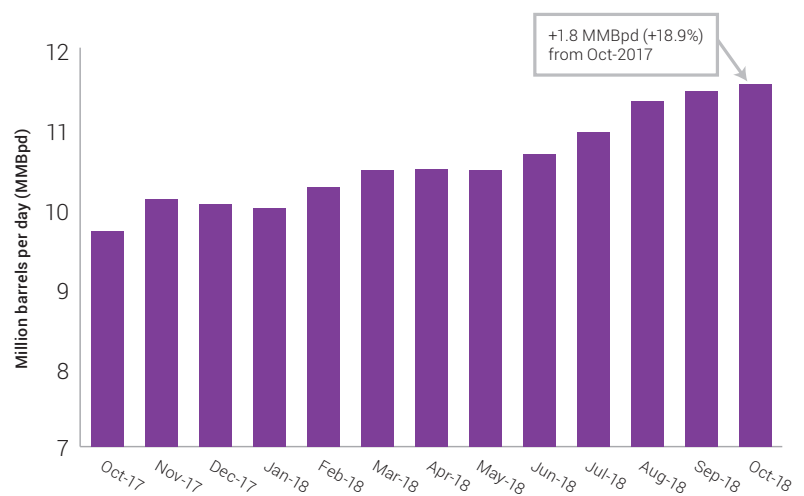
Index returns are total returns.

Source: Bloomberg, L.P., as of 12/31/2018.

Past performance does not indicate future returns.

Standardized performance on page 3.

US Monthly Oil Production



Source: EIA, as of 12/31/2018.

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Constituent News

- At its investor day on December 4, 2018, MPLX LP (MPLX; 9.97% of AMZI) announced 2019 adjusted EBITDA guidance of \$3.9 billion (11% implied year-over-year growth). Based on Bloomberg estimates, 2019 EBITDA growth for the AMZI is currently expected to be 10.39% with 21 MLPs expected to grow their EBITDA in 2019 and only 2 MLPs expected to see their EBITDA decline relative to 2018.
- Tallgrass Energy (TGE; 4.32% of AMZI) caught a tailwind in December 2018 as Stonepeak Infrastructure Partners, a private equity firm, was reported by Bloomberg on December 19, 2018 to be part of a group considering a bid for TGE. The news sent shares of TGE up 13.68% on the day. Though a transaction has not been confirmed, a major private equity deal could serve as a catalyst for the midstream space.
- On December 17, 2018, Enbridge Inc. (ENB) completed its acquisition of Spectra Energy Partners LP (SEP; 2.91% of AMZI as of 12/14/18). In a separate transaction on December 20, 2018, ENB completed its acquisition of Enbridge Energy Partners LP (EEP; 2.19% of AMZI as of 12/19/18). SEP and EEP were removed from the AMZI Index in special rebalancings. With MLP consolidations in late innings, uncertainty should subside, and focus should return back to underlying fundamentals.

AMZI Constituent 2019 Estimated EBITDA Growth

Positive	Neutral	Negative
21	0	2

AMZI Expected 2019 EBITDA Growth

10.39%

Source: Bloomberg, L.P., as of 12/31/2018.

Past performance does not indicate future returns.

*EBITDA Growth is a weighted average based on the index weightings as of 12/31/2018 and Bloomberg consensus estimates for FY2018 and FY2019.

Valuation Update

- With the pullback in December 2018, the AMZI's current yield is well above its trailing 3-year average. The AMZI's price-to-cash-flow and enterprise-value-to EBITDA remain at discounts to their 3-year averages.
- The AMZI is trading at a discount to the broader energy market (the Energy Select Sector Index) on a price-to-cash-flow basis: **5.47x vs. 8.04x**.

AMZI Current Valuations

	Current	3YR Avg	Delta
Price/Cash Flow (TTM)	5.47x	8.04x	-32.0%
Enterprise Value/EBITDA	8.88x	11.12x	-20.2%
Yield	8.82%	7.69%	1.1%

Source: Bloomberg, L.P., as of 12/31/2018.

Past performance does not guarantee future results. Current performance may be higher or lower than actual data quoted.

AMLPL Performance as of December 31, 2018

Total Returns	Cumulative				Annualized			
	1 Mo.	3 Mo.	YTD	S.I.	1 Yr.	3 Yr.	5 Yr.	S.I.
Alerian MLP ETF (Net Asset Value)	-8.38%	-16.45%	-12.70%	3.98%	-12.70%	-2.50%	-6.38%	0.47%
Alerian MLP ETF (Market Price)	-8.39%	-16.55%	-12.64%	3.86%	-12.64%	-2.68%	-6.42%	0.45%
Alerian MLP Infrastructure Index	-8.34%	-16.30%	-11.94%	25.48%	-11.94%	-1.58%	-6.88%	2.75%

Performance data quoted represents past performance, which is not a guarantee of future results. Current performance may be lower or higher than the performance quoted. You can obtain performance data current to the most recent month end by calling (866)759-5679 or www.alpsfunds.com. The investment return and principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.

Gross Expense Ratio: 0.85%

Fund inception date of 8/25/2010

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.

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December 2018

Top 10 Holdings[^]

MAGELLAN MIDSTREAM PARTNERS	10.28%
ENTERPRISE PRODUCTS PARTNERS	10.21%
MPLX LP	9.97%
ENERGY TRANSFER LP	9.88%
PLAINS ALL AMER PIPELINE LP	9.48%
WESTERN GAS PARTNERS LP	5.09%
BUCKEYE PARTNERS LP	5.09%
TALLGRASS ENERGY LP	4.32%
EQM MIDSTREAM PARTNERS LP	4.31%
ANDEAVOR LOGISTICS LP	4.10%

[^] As of December 31, 2018

Daily holdings are available on the alpsfunds.com website

Holdings are subject to change

Important Disclosure & Definitions

An investor should consider investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, which contains this and other information, call 1.877.398.8461 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

Shares are not individually redeemable. Investors buy and sell shares on a secondary market. Only market makers or “authorized participants” may trade directly with the Fund, typically in blocks of 50,000 shares.

Performance data quoted represents past performance. Past performance is not a guarantee of future results; current performance may be higher or lower than performance quotes.

The AMZI Index is a composite of energy infrastructure Master Limited Partnerships. The capped, float-adjusted, capitalization weighted index constituents earn the majority of their cash flow from midstream activities involving energy commodities.

One may not invest directly in an index.

MLPs represented by the Alerian MLP Infrastructure Index (AMZI)

Investments in securities of 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.

The benefit 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 of 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.

Not FDIC Insured • No Bank Guarantee • May Lose Value

ALPS Portfolio Solutions, Inc. is the distributor for the Alerian MLP ETF

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