

ALPS Global Opportunity Fund

Commentary | September 30, 2023

Performance as of 9/30/2023

	1 M	3 M	YTD	Annualized					Expense Ratios	
				1 Y	3 Y	5 Y	10 Y	SI ¹	Total Operating Expenses	What You Pay ²
Class I (NAV)	-1.13%	1.15%	13.26%	26.02%	6.41%	5.31%	7.55%	4.03%	1.88%	1.88%
Inv Class (NAV)	-1.33%	1.02%	12.74%	25.37%	6.04%	5.01%	7.23%	3.73%	2.22%	2.22%
Class A (NAV)	-1.17%	1.03%	13.03%	25.53%	6.08%	5.03%	7.24%	3.74%	2.24%	2.24%
Class A (MOP)	-6.65%	-4.53%	6.88%	18.71%	4.11%	3.86%	6.64%	3.37%		
Class C (NAV)	-1.32%	0.77%	12.26%	24.58%	5.31%	4.24%	6.46%	2.95%	2.89%	2.89%
Class C (CDSC)	-2.31%	-0.23%	11.26%	23.58%	5.31%	4.24%	6.46%	2.95%		
Morningstar Developed Markets Index - NR	-4.35%	-3.50%	10.06%	21.35%	7.62%	6.65%	8.02%	5.93%		
Red Rocks Global Listed Private Equity Index - TR	-2.56%	-0.23%	13.58%	27.75%	5.23%	3.15%	6.42%	3.78%		

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.

Maximum Offering Price (MOP) performance for Class A shares includes the Fund's maximum sales charge of 5.50%.

Contingent Deferred Sales Charge (CDSC) performance for Class C shares includes a 1% CDSC on shares redeemed within 12-months of purchase. Performance shown at Net Asset Value (NAV) does not include these sales charges and would have been lower had it been taken into account.

Performance for Class A shares prior to 6/12/2018 reflects the historical performance of the Fund's Investor Class shares, calculated using the fees and expenses of Class A shares. Performance for Class C shares prior to 6/30/2010 reflects the historical performance of the Fund's Investor Class shares, calculated using the fees and expenses of Class C shares.

¹ Fund inception date: 12/31/2007

² What You Pay reflects the Adviser's decision to contractually limit expenses through February 28, 2024. Please see the prospectus for additional information.

Third Quarter 2023 Commentary Ending September 30, 2023

Markets Review

Stocks have been surprisingly calm despite ominous headwinds building. Inflation, interest rates, corporate profitability, geopolitical tensions, impending market liquidity strains and credit cycle are all trending the wrong direction. These stress points have been looming for several quarters. However, not all is doom and gloom. For the time being, massive spending by the US government seems to be the glue holding everything together. The positive result is a very slow and orderly downward pressure on valuations with the passage of time.

Inflation remains stubborn which has led to longer dated interest rates rising to levels not seen since 2007. The 10-year treasury is approaching 5%. The Consumer Price Index (CPI) bottomed at 3% then bounced to 3.7% for two months. Leading indicators suggest the trend is flat to higher from here.

Consensus has been firming around the concept of an end to monetary tightening around the globe. The Federal Reserve is in a bind as market interest rates are becoming very restrictive as they rise to a point of concern. Returning to tightening would send a bleak message that inflation cannot be controlled without serious damage to financial markets.

The precarious environment led to a down quarter for broad markets. The S&P 500 Index fell 3.3% in the third quarter while small companies represented by the Russell 2000 Index were impacted further going down 5.1%. Growth companies represented by the S&P Information Technology Index fell 5.6%.

Portfolio Review

For the quarter ended September 30, 2023 the ALPS Global Opportunity Fund (LPEFX) increased by 1.0% compared with the primary index of Morningstar Developed Markets Index (net of fees) down 3.5%. Year to date the Fund has outperformed by 2.7% at 13.3%.

The Fund benefited from a high exposure to financial services stocks. US dollar positions accounted for the majority of outperformance rising 4% versus the benchmark down 3%. Performance was strong despite over 40% weighting to middle and small capitalization stocks that were notably weaker than large companies. The benchmark is allocated nearly 100% to large capitalization stocks.

Currency was a factor in the quarter as the US Dollar Index (DXY) appreciated 3%. The ALPS Global Opportunity Fund is relatively heavily weighted to foreign currencies at 55% versus the Morningstar Developed Markets Index at merely 30%. Currency hurt the Fund 1.7% versus the benchmark impact at 0.8%.

During the third quarter of 2023 the Fund added three new positions and sold one name, ending with 48 positions. Positioning continues to favor broadening diversification with a higher number of positions.

Net contributors to performance included:

- Blackstone
- Partners Group Holding AG
- KKR & Co Inc.

Net detractors from performance included:

- Brederode
- IAC Inc.
- Altamir

Outlook

Volatile markets are likely as the political mess continues in Washington D.C., which is delaying fiscal restraint. Deficit spending of 6-8% of the annual budget is forecast for the next several years. This level of spending is traditionally temporary following times of crisis like 2008-2009. This spending is not sustainable. In the meantime, inflation will continue to run high.

Stock valuations based on forward price to earnings (P/E) within the S&P 500 have gradually declined from 2020 to levels seen in 2007 when 10-year treasuries were also around 5%. COVID-19 pandemic stimulus catapulted valuations to over 25x. Forward P/E estimates are now more modest around 15-16x.

Stock valuations could continue to decline to 12-13x P/E as the next phase of the interest rate cycle takes hold. But the stock market outlook isn't so bleak at the moment despite potential valuation declines, because earnings are resilient. This is due in part to massive government spending.

We will seek strong earnings growers in volatile times at reasonable valuations and avoid the potential credit cycle victims and those firms desperate for investors (such as venture capital). We will continue to take a conservative approach with high diversification until interest rates steady.

Thank you for your continued support.

Andrew Drummond
Portfolio Manager

Top 10 Holdings

3i Group PLC	4.96%	Blackstone, Inc.	3.76%
HarbourVest Global Private Equity, Ltd.	4.79%	Brederode SA	3.70%
Ares Management LP	4.33%	Partners Group Holding AG	3.60%
KKR & Co., Inc.	4.18%	Oakley Capital Investments, Ltd.	3.21%
HgCapital Trust PLC	4.05%	Berkshire Hathaway, Inc.	3.01%

As of 9/30/2023, subject to change

Important Disclosures & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus containing this and other information, call 1-866-759-5679 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

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.

Effective January 24, 2023, the ALPS | Red Rocks Global Opportunity Fund changed its name to the ALPS Global Opportunity Fund.

Certain of the Fund's investments may be exposed to liquidity risk due to low trading volume, lack of a market maker or legal restrictions limiting the ability of the Fund to sell particular securities at an advantageous price and/or time. As a result these securities may be more difficult to value. Foreign investing involves special risks such as currency fluctuations and political uncertainty. The Fund invests in derivatives and is subject to the risk that the value of those derivative investments will fall because of pricing difficulties or lack of correlation with the underlying investment.

There are inherent risks in investing in private equity companies, which encompass financial institutions or vehicles whose principal business is to invest in and lend capital to privately-held companies. Generally, little public information exists for private and thinly traded companies, and there is a risk that investors may not be able to make a fully informed investment decision.

Listed Private Equity Companies may have relatively concentrated investment portfolios, consisting of a relatively small number of holdings. A consequence of this limited number of investments is that the aggregate returns realized may be adversely impacted by the poor performance of a small number of investments, or even a single investment, particularly if a company experiences the need to write down the value of an investment.

Diversification does not eliminate the risk of experiencing investment losses.

Consumer Price Index (CPI): a measure of the average change over time in the prices paid by urban consumers for a representative basket of consumer goods and services.

Morningstar Developed Markets Index: measures the performance of developed regional markets targeting the top 97% of stocks by market capitalization.

Price/Earnings (P/E) Ratio: a valuation ratio of a company's current share price compared to its per-share earnings.

Red Rocks Global Listed Private Equity Index: comprised of 40-75 listed private equity companies and provides broad exposure to the growth and returns generated by hundreds of private companies.

Russell 2000 Index: measures the performance of the small-cap segment of the US equity universe.

S&P 500 Index: widely regarded as the best single gauge of large-cap US equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

S&P 500 Information Technology Index: comprises those companies included in the S&P 500 that are classified as members of the GICS information technology sector.

US Dollar Index: measures the value of the US dollar relative to a basket of foreign currencies.

One may not invest directly in an index.

ALPS Advisors, Inc. is affiliated with ALPS Portfolio Solutions Distributor, Inc.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the Fund.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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