

ALPS | Kotak India ESG Fund

Commentary | December 31, 2023

Performance as of 12/31/2023

	Annualized							Expense Ratios	
	3 M	YTD	1 Y	3 Y	5 Y	10 Y	SI ¹	Total Operating Expenses	What You Pay ²
Class I (NAV)	7.19%	17.19%	17.19%	9.22%	10.14%	11.58%	8.08%	1.00%	1.00%
Class II (NAV)	7.24%	17.50%	17.50%	9.47%	10.36%	11.70%	8.16%	0.88%	0.75%
Inv Class (NAV)	7.08%	16.77%	16.77%	8.84%	9.90%	11.28%	7.77%	1.40%	1.40%
Class A (NAV)	7.16%	16.96%	16.96%	8.97%	9.89%	11.27%	7.76%	1.28%	1.28%
Class A (MOP)	1.28%	10.53%	10.53%	6.95%	8.65%	10.64%	7.29%		
Class C (NAV)	6.93%	16.08%	16.08%	8.12%	9.05%	10.46%	7.00%	2.00%	2.00%
Class C (CDSC)	5.93%	15.08%	15.08%	8.12%	9.05%	10.46%	7.00%		
Nifty 500 Index	12.46%	26.79%	26.79%	15.53%	13.54%	12.32%	8.25%		
Morningstar India Index - NR	12.15%	24.40%	24.40%	14.35%	13.42%	12.00%	8.08%		

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. The Fund imposes a 2.00% redemption fee on shares held for less than 30 days. Performance shown does not include the redemption fee which, if reflected, would reduce 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.

¹ Fund inception date: 2/14/2011

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

Performance

For the quarter-ending December 2023, the ALPS | Kotak India ESG Fund returned 7.19% compared to the Nifty 500 Index return of 13.31% (total return in USD term). While the frontline Nifty Index returned 11.49% during the period, the midcap segment saw a return of 15.21% (all in USD terms as per Bloomberg reference rate).

The Indian stock market presented a blockbuster rally in the quarter ending December 31 on the back of strong expectations of the peaking of the rate hike cycle, moderating inflation, improving liquidity, strong corporate earnings and consistently rising retail participation in equities. The reduced election risk after the Bharatiya Janata Party's (BJP) strong performance in recent state elections added to the positive sentiment.

Looking at a couple of key central bank decisions: (1) the US Federal Reserve kept interest rates unchanged at 5.25-5.5%. The median forecast in the Federal Open Market Committee (FOMC) members' projection for policy rate implied three rate cuts in CY2024 to 4.6% (50 basis points (bps) lower than September policy projections) while signaling that policy rate has likely peaked out. (2) The Bank of England (BOE) kept policy rate at 5.25% with a 6-3 majority with the three members voting for a 25 bps hike. In its letter to the finance ministry, the BOE added that there was "still some way to go" in efforts to drag inflation close to the target. (3) The Bank of Japan (BOJ), in line with expectations, maintained status quo on its policy rate (at -0.1%) and its yield curve control policy (upper bound retained at +1% for the 10-year bond yield).

During the quarter, Domestic Institutional Investors (DIIs) were overall net buyers of US\$6.7bn (Oct – US\$3.4bn, Nov – US\$1.7bn, Dec – US\$1.6bn) and Foreign Institutional Investors (FIIs) were also overall net buyers of US\$6.7bn (Oct – (US\$2.7bn), Nov – US\$2.3bn, Dec – US\$7.0bn).

On the domestic front, real GDP growth in the July 2023 to September 2023 quarter at 7.6% surprised on the upside. The government's role was evident given (1) investment growth at 11% (aided by government capital expenditures), and (2) government expenditure at 12.4%. Private consumption growth continued to be weak at only 3.1% (1QFY24: 6%). Business momentum in India's manufacturing activity slipped with a loss in momentum, but still indicating an expanding sector - Manufacturing PMI at 54.9 in December vs 56.0 in November, remaining in expansionary zone since July 2021.

Goods and Services Tax (GST) collections for December were 10.3% year-over-year higher at Indian rupee (INR)1.65tn (~US\$19.85bn) (November: INR1.68tn).

November Consumer Price Index (CPI) inflation spiked up to 5.5% (October: 4.9%) while increasing 0.5% month-over-month (MoM) led mainly by a sequential increase in prices of vegetables, pulses, cereals, sugar and eggs. Sequentially, the core inflation momentum moderated to 0.2% in November (compared with the downwardly revised October reading of 0.3%MoM). Wholesale Price Index (WPI) inflation increased to 0.3% after seven months of deflation (October: -0.5%).

Looking ahead, (1) India's decent macro-economic fundamentals, (2) strong expectations of lower global interest rates on the back of declining headline and core inflation in major economies and (3) reduced election risk after the BJP's strong performance in recent state elections may sustain the Indian market's rich valuations.

Top 10 Holdings

ICICI Bank, Ltd.	7.23%	IndusInd Bank, Ltd.	3.62%
HDFC Bank, Ltd.	6.73%	Bharti Airtel, Ltd.	3.61%
Reliance Industries, Ltd.	5.28%	Larsen & Toubro, Ltd.	3.41%
Infosys, Ltd.	5.07%	Cognizant Technology Solutions Corp.	3.15%
Axis Bank, Ltd.	4.59%	Maruti Suzuki India, Ltd.	3.09%

As of 12/31/2023, 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.

Investments in India can be considered speculative, and therefore may offer higher potential for losses. Political and economic structures in India generally lack the social, political and economic stability of more developed nations. Share prices of Indian companies tend to be volatile, can be subject to currency exchange fluctuations and can lack liquidity. The stock markets in India are undergoing a period of growth and change, which may result in trading or price volatility and difficulties in the settlement and recording of transactions, and in interpreting and applying the relevant laws and regulations. The risk of loss may be increased because Indian issuers are not subject to the extensive accounting, auditing and financial reporting standards and practices which are applicable in the United States. There is also a lower level of regulation and monitoring of the Indian securities market and its participants than in other more developed markets. Because the Fund concentrates in a single region of the world, the Fund's performance may be more volatile than that of a fund that invests globally. If Indian securities fall out of favor, it may cause the Fund to underperform funds that do not concentrate in a single region of the world.

The Fund's consideration of ESG factors as part of its investment strategy may limit the types and number of investment opportunities available to the Fund and, as a result, the Fund may underperform other funds that do not consider ESG factors. In evaluating a security based on ESG criteria, the Sub-Adviser is dependent upon information and data from third party ESG providers. ESG scorings and assessments of issuers can vary across third-party data providers and may change over time. There is no assurance that employing ESG strategies will result in more favorable investment performance; ESG considerations may affect a Fund's exposure to certain companies or industries and a Fund may forego certain investment opportunities.

Basis Point (bps): a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

Bharatiya Janata Party's (BJP): a political party in India and one of the two major Indian political parties alongside the Indian National Congress.

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.

Indian Fiscal Year: the fiscal year in India runs from April through March with 1Q (the first quarter) being April-June and so on.

Morningstar India Index: measures the performance of India's equity markets targeting the top 97% of stocks by market capitalization.

Nifty 500 Index: represents the top 500 companies based on full market capitalization from the eligible universe.

Purchasing Managers' Index (PMI): an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting.

Wholesale Price Index (WPI): measures change in the overall price of goods before they are sold at retail.

One may not invest directly in an index.

ALPS Advisors, Inc. and Kotak Mahindra Asset Management (Singapore) Pte. Ltd., registered investment advisers with the SEC, are the investment adviser and sub-adviser to the Fund, respectively. ALPS Advisors, Inc. and ALPS Portfolio Solutions Distributor, Inc., affiliated entities, are unaffiliated with Kotak Mahindra Asset Management (Singapore) Pte. Ltd.

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

KOT000398 5/31/2024