

ALPS | Kotak India ESG Fund

Commentary | March 31, 2025

Performance as of 3/31/2025

			Annualized				
	3 M ¹	YTD ¹	1 Y	3 Y	5 Y	10 Y	SI ²
Class I (NAV)	-4.08%	-4.08%	2.88%	5.06%	18.13%	7.41%	7.83%
Class II (NAV)	-4.14%	-4.14%	3.04%	5.27%	18.39%	7.54%	7.93%
Inv Class (NAV)	-4.18%	-4.18%	2.61%	4.74%	17.86%	7.13%	7.53%
Class A (NAV)	-4.19%	-4.19%	2.61%	4.85%	17.89%	7.12%	7.52%
Class A (MOP)	-9.47%	-9.47%	-3.01%	2.89%	16.57%	6.51%	7.09%
Class C (NAV)	-4.38%	-4.38%	1.84%	3.99%	16.94%	6.33%	6.75%
Class C (CDSC)	-5.33%	-5.33%	0.97%	3.99%	16.94%	6.33%	6.75%
MSCI India Index - NR ³	-2.90%	-2.90%	2.86%	7.65%	21.16%	8.12%	6.71%
MSCI India Index - TR ³	-2.95%	-2.95%	1.75%	6.94%	20.51%	7.84%	6.50%

Identifiers and Fees

	Class I	Class II	Inv Class	Class A	Class C
Identifiers					
Ticker	INDIX	INDSX	INDAX	INAAX	INFCX
CUSIP	317609436	31761R161	317609451	31761R245	317609444
Shareholder Fees (fees paid directly from your investment)					
Maximum Sales Charge (Load) ⁴	None	None	None	3.25%	None
Maximum Deferred Sales Charge ⁵	None	None	None	None	1.00%
Redemption Fee ⁶	2.00%	2.00%	2.00%	2.00%	2.00%
Annual Fund Operating Expenses (expenses you pay each year as a percentage of the value of your investment)					
Total Operating Expenses	0.93%	0.87%	1.28%	1.28%	1.97%
What You Pay ⁷	0.93%	0.75%	1.28%	1.28%	1.97%

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 3.25%.

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.

Effective 6/12/2018, Class A shares of the Fund were added as a new available class. 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.

Effective 12/19/2019, Class II shares of the Fund were added as a new available class. Performance for Class II shares prior 12/19/2019 reflects the historical performance of the Fund's Class I shares, calculated using the fees and expenses of Class II shares.

¹ Performance less than one year is cumulative.

² Fund inception date: 2/14/2011

³ Effective 9/20/2024, the MSCI India Index (Net Total Return ("NR")) replaced the MSCI India Index (Gross Total Return ("TR")) as the Fund's primary benchmark.

⁴ Fee imposed on purchases.

⁵ A percentage of the lower of original purchase price or redemption proceeds.

⁶ A percentage of exchange price or amount redeemed within 30-days of purchase.

⁷ What You Pay reflects the Adviser's and Sub-Adviser's decision to contractually limit expenses through 2/28/2026. Please see the prospectus for additional information.

Performance

For the quarter ending March 2025, the ALPS | Kotak India ESG Fund returned -4.08% (INDIX) and -4.14% (INDSX) compared to the MSCI India Index return of -2.95% (total return in USD term). During the period, the mid cap segment (MSCI India Mid Cap Index) saw a return of -9.89% (all in USD terms as per Bloomberg reference rate).

The quarter ending March 2025 was dominated by elevated levels of trade and policy uncertainties emanating from the US and the related spillover measures, and retaliation from countries. The impact of the elevated uncertainties was visible across asset classes – drawdowns in Asia equities, surging gold prices and volatility in foreign exchange. The flow of headlines from US President Trump's administration has kept markets on the edge.

Looking at a couple of key central bank decisions during the quarter: (1) the US Federal Reserve (Fed) cut the interest rate by 25 basis points (bps) to 4.25-4.5% while retaining the projection of two rate cuts in CY2025. (2) The Bank of England (BOE) reduced its policy rate by 25 bps to 4.5%. (3) Japan's cabinet approved a record budget of US\$732bn for the next fiscal year (FY).

The domestic investor surge in recent years has been a game changer and continued so during the quarter – Domestic Institutional Investors (DIIs) being overall net buyers of US\$21.8bn (Jan – US\$10.0bn, Feb – US\$7.5bn, Mar – US\$4.3bn). There was an incremental return of foreign buying – Foreign Institutional Investors (FIIs) bought close to US\$1bn worth of Indian stocks in March 2025, after consecutive selling for the past two months since the start of 2025 (Jan – outflow of US\$7.1bn, Feb – outflow of US\$5.4bn, Dec – US\$0.98bn). Global uncertainties, an earnings slowdown, valuations concerns, cautious Fed commentary on rate cuts and Trump's tariff stance will continue to shape FII sentiment toward Indian markets.

On the domestic front, India seems to be relatively well placed. The Reserve Bank of India (RBI) started off a rate-cut cycle with a 25 bps cut to reduce the repo rate to 6.25%, after a 24-month pause and the Bharatiya Janata Party (BJP) won the Delhi legislative assembly elections with 48 out of 70 seats, marking its return to power in the capital after 27 years. A timely visit to the White House in February by India's Prime Minister Modi reiterated a strategic partnership, while India and the US are in midst of a bilateral trade agreement (BTA) whose objective is to take the India US trade to \$500bn by 2030. On the back of a differentiated tariff regime, if there can be some supply chain rebalancing towards India remains to be seen. India's economic impact to some extent has been mitigated by a sharp fall in oil prices.

Real GDP growths for FY2023-24 (fiscal year from Apr 2024 - Mar 2025) have witnessed sharp upward revisions to 7.6% (earlier: 7.0%) and 9.2% (earlier: 8.2%), respectively. Expectedly, the recovery in consumption was witnessed most in the contact-based services as they played catch-up post-COVID-19 pandemic.

On the economy front, March's Consumer Price Index (CPI) moderated to 3.3% year-over-year (YoY) (February: 3.6%). Headline CPI fell by 0.3% month-over-month (MoM), led by a decline in food prices. Food inflation fell to 2.7%, led by a sharp decline in prices of vegetables, eggs, pulses and spices. Core inflation (CPI excluding food, beverages and fuel) inched up to 4.1% (February: 4%).

Wholesale Price Index (WPI) for March was at 2.0% YoY (February: 2.4%). Manufactured products inflation was at 3.1% YoY (February: 2.9%), primary articles inflation was at 0.8% YoY (February: 2.8%) and fuel and power inflation was at 0.2% YoY (February: (-0.7%). Food inflation was at 4.7% YoY (February: 5.9%) while core WPI inflation was at 1.5% YoY (February: 1.2%).

Looking ahead, the global macro backdrop remains cautiously constructive, as risks persist. Escalating trade tensions, sticky inflation in advanced economies and potential supply-side shocks—particularly in commodities—pose headwinds to external demand and could weigh on the rupee. That said, India's structural growth narrative remains compelling. A favorable demographic profile, expanding digital infrastructure, policy-led manufacturing impetus (via production linked incentive (PLI)), a tilt toward consumption and rising prominence in global investment allocations position India as a credible long-term growth story. Concurrently, capital market reforms, deepening debt markets and greater regulatory clarity are paving the way for more efficient capital formation. We see the ongoing headlines of volatility as an opportunity in the near-term and remain positive on the long-term growth dynamics of India.

Top 10 Holdings

ICICI Bank, Ltd.	9.79%	Cognizant Technology Solutions Corp.	4.11%
Axis Bank, Ltd.	7.18%	Tech Mahindra, Ltd.	3.70%
Reliance Industries, Ltd.	6.48%	InterGlobe Aviation, Ltd.	3.43%
HDFC Bank, Ltd.	4.99%	UltraTech Cement, Ltd.	3.38%
Bharti Airtel, Ltd.	4.87%	Fortis Healthcare, Ltd.	2.82%

As of 3/31/2025, 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.

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

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.

MSCI India Index: designed to measure the performance of the large and mid-cap segments of the Indian market. With approximately 125 constituents, the index covers approximately 85% of the Indian equity universe.

MSCI India Mid Cap Index: designed to measure the performance of the mid cap segments of the Indian markets. The index covers approximately 15% of the free float-adjusted market capitalization in India.

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

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