

ALPS | Kotak India ESG Fund

Commentary | September 30, 2023

Performance as of 9/30/2023

	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)	1.93%	9.32%	10.78%	13.30%	9.52%	12.28%	7.65%	1.00%	1.00%
Class II (NAV)	2.02%	9.57%	11.09%	13.58%	9.73%	12.39%	7.73%	0.88%	0.75%
Inv Class (NAV)	1.89%	9.05%	10.42%	12.91%	9.28%	11.97%	7.34%	1.40%	1.40%
Class A (NAV)	1.83%	9.14%	10.52%	13.06%	9.25%	11.95%	7.33%	1.28%	1.28%
Class A (MOP)	-3.80%	3.15%	4.47%	10.95%	8.02%	11.32%	6.85%		
Class C (NAV)	1.68%	8.55%	9.67%	12.17%	8.43%	11.14%	6.57%	2.00%	2.00%
Class C (CDSC)	0.68%	7.55%	8.67%	12.17%	8.43%	11.14%	6.57%		
Nifty 500 Index	4.30%	12.74%	15.84%	19.52%	11.94%	12.43%	7.41%		
Morningstar India Index - NR	4.31%	10.92%	13.33%	17.84%	11.64%	12.02%	7.27%		

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 September 2023, ALPS | Kotak India ESG Fund returned 1.93% compared to the Nifty 500 Index return of 3.52% (total return in USD term). While the frontline Nifty Index returned 0.77% during the period, the midcap segment saw a return of 11.17% (all in USD terms as per Bloomberg reference rate).

There was a favorable mix of sound macro and microeconomic conditions, moderating inflation, declining commodity prices (other than oil) and expectations of peaking global interest rates. JP Morgan announced that it will include Indian government bonds in its emerging market debt index, which is a positive for India in the coming near term.

Global central banks have continued to be hawkish in their tone though we expect, with moderating inflation, the rate cycle to end soon. India's central bank, the Reserve Bank of India (RBI), held on to rates at 6.5%. Consumer inflation during the quarter spiked to 7.2% as vegetable prices increased and moderated back to 5% as the prices cooled down. Food price spikes often distort the headline Consumer Price Index (CPI) as ~46% of the Indian CPI basket is food or food related.

Core inflation (CPI excluding food, beverage and fuel) continued to moderate to 4.5%, falling for 8 consecutive months providing comfort that the central bank will most likely maintain status quo as the inflation is well within the range of 4% + - 2% (2%-6%).

During the quarter, Domestic Institutional Investors (DIIs) were overall net buyers of US\$5.1bn (Jul – US\$0.3bn, Aug – US\$3.0bn, Sept – US\$2.4bn) and Foreign Institutional Investors (FIIs) were also overall net buyers of US\$3.9bn (Jul – US\$4.1bn, Aug – US\$1.7bn, Sept – US\$1.9bn).

On the domestic front, real Gross Domestic Product (GDP) growth in the April 2023 to June 2023 quarter was at 7.8%, vs a 6.1% growth recorded in the March quarter. Business momentum in India's manufacturing activity indicated a mild slowdown in growth - Manufacturing Purchasing Managers' Index (PMI) softened to 57.5 in September vs 58.6 in August but still above the 50-mark.

Goods and Service Tax (GST) collections for September stood at Indian Rupee (INR)1,620bn (~US\$19.51bn), clocking a 10% year-over-year growth and marking the fourth highest monthly collection since the inception of the indirect tax regime.

Looking ahead, India's macro fundamentals look fairly resilient, but there is a need to be cognizant of fresh headwinds to the Indian market in the form of (1) higher-for-longer trajectory of global interest rates, (2) weaker-than-expected domestic macro-economic conditions (higher oil prices, weaker GDP recovery) and (3) reemerging pressures on profitability.

Top 10 Holdings

ICICI Bank, Ltd.	7.90%	Bharti Airtel, Ltd.	3.71%
Infosys, Ltd.	6.64%	Larsen & Toubro, Ltd.	3.30%
Reliance Industries, Ltd.	5.59%	Bajaj Finance, Ltd.	2.79%
Axis Bank, Ltd.	4.87%	Tata Consultancy Services, Ltd.	2.69%
HDFC Bank, Ltd.	4.36%	IndusInd Bank, Ltd.	2.63%

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.

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.

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.

One may not invest directly in an index.

ALPS Advisors, Inc. is the investment adviser to the Fund and Kotak Mahindra Asset Management (Singapore) Pte. Ltd. is the investment sub-adviser to the Fund. 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

KOT000395 2/29/2024