ALPS Global Opportunity Portfolio

Commentary | December 31, 2023

Performance as of 12/31/2023

				Annualized				Expense Ratios	
	1 M	3 M	YTD	1 Y	3 Y	5 Y	SI[1]	Total Operating Expenses	What You Pay[2]
Class I (NAV)	6.94%	13.99%	29.22%	29.22%	4.68%	12.02%	8.85%	**2.05%**	1.88%
Class III (NAV)	6.92%	13.90%	28.80%	28.80%	4.31%	11.63%	8.49%	**2.40%**	2.23%
Morningstar Developed Markets Index - NR	5.24%	11.48%	22.69%	22.69%	6.59%	12.28%	8.93%		
Red Rocks Global Listed Private Equity Index - TR	11.13%	21.92%	38.48%	38.48%	4.07%	11.84%	8.96%		

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.

The performance shown does not reflect the impact of costs associated with variable contracts, qualified pension and retirement plans or registered and unregistered separate accounts which, when deducted, will reduce the return figures quoted.

[1] *Fund inception date: 10/24/2014*

[2] *What You Pay reflects the Adviser's decision to contractually limit expenses through April 29, 2024. Please see the prospectus for additional information.*

Fourth Quarter 2023 Portfolio Commentary

Markets Review

Stocks staged a strong relief rally closing the year after the Federal Reserve (Fed) signaled the end to interest rate increases. Inflation remained stubborn in 2023 which led to longer dated interest rates rising to levels not seen since 2007. The ten year treasury topped at 5% in October despite the Consumer Price Index (CPI) finally subsiding to a 3% annual rate in June. Stocks and bonds were off to the races after the November 1st Fed meeting.

The ten year treasury rate dropped to 3.9% at the end of the year. The S&P 500 Index jumped 11.7% in the fourth quarter while small companies represented by the Russell 2000 Index were up more at 14%. The move was broad based across sectors with the S&P Information Technology Index once again the leader at 17.2%.

The strong reaction by markets in the quarter imply expectations of the Fed actually cutting rates soon in 2024. However, CPI inflation readings have bounced slightly to finish December at 3.4%. Inflation deceleration and the eventual effect from sharply higher rates will remain the story in 2024.

Portfolio Review

For the quarter ended December 31, 2023 the ALPS Global Opportunity Portfolio (AVPEX) increased by 13.9% compared with the primary index of Morningstar Developed Markets Index-Net of fees up 11.5%. Year to date the Portfolio has outperformed by 6.1%, at 28.8%.

The Portfolio outperformed due to very strong returns and large weighting within the financial sector. Technology stocks performed strongly within the Portfolio and across the broad market, however they were underweighted.

The US Dollar weakened 4.8% in the quarter as the Fed signaled the end to interest rate increases. The Portfolio is approximately 55% foreign securities. Therefore, the dollar weakness contributed a positive 2.8% or 1.2% more than the primary benchmark.

During the fourth quarter of 2023 the Portfolio added two new positions and sold one name, ending with 49 positions. Positioning continues to favor broadening diversification with a higher number of positions.

Net contributors to performance included:

- KKR & Co Inc.
- 3i Group PLC
- Partners Group

Net detractors from performance included:

- Deutsche Beteiligungs AG
- Altamir
- Stepstone Group Inc.

Outlook

Entering 2024, consensus has been firming around the concept of an end to monetary tightening around the globe. In our view, the Federal Reserve is in a bind as fiscal spending is continuing to support inflation. However, the Fed signaled rates are sufficiently restrictive and not going higher. There is risk this posture will need to be altered and rates could stay high most of 2024. We expect the Fed won't lower rates until after several near or under 2% CPI readings. This seems more likely later in 2024.

The Congressional Budget Office (CBO) published a forecast for US budget deficit spending of 6% each year through 2031. Spending will worsen to over 7% by 2033 as Social Security benefits outspend revenue. This level of spending is traditionally temporary following times of crisis like 2008-2009. We believe this spending is not sustainable and will likely lead to ratings downgrades and subsequent bond liquidity risk if spending is not controlled. Nonetheless, the stock market continues to run up with strong corporate earnings due in part to government spending. The spending situation won't be addressed until 2025 as elections fade. Eventually, this adjustment to spending will weigh heavy on economic growth.

Expect volatility as the Fed may disappoint by failing to lower rates as quickly as expected in 2024. On the bright side, valuations have come off to appropriate levels given higher interest rates. Given expected volatility, we believe a conservative approach with high diversification and relatively stable earnings streams will be favored. Our view is that growth companies with high valuations should be avoided along with potential credit cycle victims and those firms desperate for investors such as venture capital.

Thank you for your continued support.

Andrew Drummond
Portfolio Manager

Top 10 Holdings

3i Group PLC	4.8%	Blackstone, Inc.	4.1%
KKR & Co., Inc.	4.8%	Partners Group Holding AG	4.0%
Ares Management LP	4.6%	Brederode SA	3.6%
HarbourVest Global Private Equity, Ltd.	4.5%	Oakley Capital Investments, Ltd.	3.4%
HgCapital Trust PLC	4.1%	Intermediate Capital Group PLC	3.2%

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.

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

Shares of the Portfolio are only offered to participating insurance companies and their separate accounts to fund the benefits of variable annuity contracts and variable life insurance policies. Shares of the Portfolio also may be used as investment vehicles for qualified pension and retirement plans and certain registered and unregistered separate accounts.

Certain of the Portfolio'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 Portfolio 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 Portfolio 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., registered investment adviser with the SEC, is the investment adviser to the Portfolio. ALPS Advisors, Inc. is affiliated with ALPS Portfolio Solutions Distributor, Inc.

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

ARR000317 5/31/2024