ALPS | Smith Funds

Commentary | March 31, 2025

Portfolio Positioning:

Throughout the quarterly period ending March 31, 2025, Smith Capital Investors continued to incrementally reposition the Funds more defensively with a focus on heightened liquidity. During the quarter, market volatility increased, due in part to policy actions by the Trump administration, heightening concerns about potential growth slowdowns and inflationary consequences from tariffs. The Funds' duration was brought incrementally higher in the quarter, acknowledging the heightened volatility in the market. We remain overweight treasury duration out of concern for economic growth slowing, as historically this has been the flight to quality trade. The Funds' overall credit exposure was reduced in the quarter. Risks remain skewed to the downside in credit, but market volatility has created pockets of opportunities that we look to take advantage of.

ALPS | Smith Total Return Bond Fund:

Throughout the recent quarter, the Fund continued to adjust its underlying mix of credit exposure. Opportunities continued to present themselves to readjust risk exposures, allowing for the continued theme of repositioning from more cyclical industrial exposures into more defensive noncyclical industrials at what we found were attractive valuations and an overall reduction in our corporate credit weighting. In our opinion, policy actions being implemented by the Trump administration pose downside risk to growth and upside risks to inflation. The inflationary impacts from tariffs will likely begin to filter in through the following months. Additionally, data continues to point to a resilient economy, however, survey data is starting to indicate early signs of weakness. Key focus will be if weaker sentiment starts to translate to lower consumption. Even as market volatility remains high, Federal Reserve (Fed) Chairman Jerome Powell has stood firm with recent messaging that increasing inflationary pressures from tariffs will keep the Fed on hold to ensure inflation expectations don't become unanchored. The administration has been much more aggressive with respect to policy implementation than markets originally anticipated leading to elevated uncertainty and bouts of volatility. Risks remain skewed to the downside in credit, but market volatility has created pockets of opportunities that we look to take advantage of. We are still overweight treasury duration out of concern for economic growth slowing, as historically this has been the flight to quality trade.

- We continue to seek investments in companies whose management interests are aligned with debtholders, either by reducing leverage or outright debt levels. Additionally, we look for a focus on managing through a variety of scenarios as this provides optionality and downside protection. Specifically, we continue to look into sectors where fundamental drivers are relatively insulated from geopolitical tensions or slower economic growth. We're focused on maintaining credit exposure in companies that have ample liquidity to manage through an extended volatile period. We will maintain a close focus on how this impacts earnings reports going forward; however, thus far, the declines in earnings and forecasts have been much more impactful to equity valuations vs. the underlying creditworthiness of corporations.
- As with most market conditions, short duration high yield remains a focus for us. This area of the market, in our opinion/view has much less forecasting error. Positioning here allows the Fund to potentially realize much higher yield profiles vs. recent years, while doing so with a more limited risk addition to the overall portfolio.
- As a reminder, we had significantly increased our agency mortgage holdings over the later part of 2022 and the first half of 2023, given the move wider in spreads with the Fed's reversal of its balance sheet policies. However, in the later part of 2023, the market went through a material compression of mortgage-backed securities (MBS) spreads driven by the Fed's shift towards a potentially more accommodative monetary policy stance. With this reversal in valuations, we now have a more neutral view on the asset class. The compression in valuations and increasing sensitivity to moves in interest rates has decreased the number of bonds we identify that meet our risk-adjusted return criteria across a wide range of economic and market outlooks. We believe valuations have not compressed enough to justify a reduction in our weighting to MBS. Continued elevated interest rate volatility, combined with the shifting impacts from negative convexity, has meant that our small detractions to this space have left our exposure only slightly lower than in previous periods. We remain neutral on the outlook for agency MBS but acknowledge that interest rate declines will introduce more negative convexity to this area of the market, decreasing mortgage durations.
- Overall Fund duration was brought incrementally higher in the quarter, acknowledging the heightened volatility in the market. We are focused on managing duration and yield curve exposure with an eye towards the plethora of potentially high-volatility events in the next quarter, including tariffs and slower economic growth.

ALPS | Smith Core Plus Bond ETF (Ticker: SMTH):

During the period, the SMTH exchange-traded fund (ETF) was largely positioned similarly to the Total Return Bond Fund from a thematic perspective. We continued to bring portfolio risk exposures closer to our internal view of "neutral," and the levels of portfolio liquidity and optionality were increased as risks within the market increased over the quarter. We continued to see consistent inflows into the product over the period, which left the ETF in a position to take advantage of market volatility and dislocations while investing those new flows. The one noticeable positioning result of that was, given the rapid collapse in mortgage valuations going back to Q4 of 2023, the ETF continues to be more conservatively allocated to MBS; leaving it underweight vs. the index. We are focused on gradually increasing this allocation if securities with attractively valued risk-adjusted return profiles present themselves, but in the current state of the market, these opportunities are much fewer and further between compared to the last 24 months.

ALPS | Smith Short Duration Bond Fund:

Congruent with the other strategies, the Fund's overall elevated credit exposure was reduced during the period, benefiting from the high amount of maturities, tender activity and bonds being called by issuers and utilizing that as a way to work the credit risk-factor in the Fund lower. This is a key part of the portfolio construction process as this high amount of "roll-off" allows for natural portfolio repositioning as economic and market conditions change. An overweight position in corporate credit relative to the benchmark was a positive contributor to performance over the quarter. We are closely monitoring corporate fundamentals, as inflationary impacts and growth headwinds from tariffs and geopolitical factors will likely begin to filter in through the following months. From a duration management standpoint, we extended overall portfolio duration as the yield curve steepened, increasing our exposure to Treasuries in response to rising economic risks in the market.

ALPS | Smith Credit Opportunities Fund:

Tight credit spreads, high valuations and complacency were tested near the end of the quarter as volatility increased from a series of announced economic and policy changes, including widespread global tariffs. Uncertainty increased on several fronts including growth, inflation, economic policy, supply chains, consumer demand, unemployment, etc. which caused risk premiums to increase across credit markets. Corporates are working from a strong base, but visibility of future cash flows has been called into question. As a result, spreads in Investment Grade (IG) and High Yield (HY) repriced modestly to incorporate some of this uncertainty and expectation of short-term deterioration. While we won't get hard data impacts from the swiftly changing policies until next quarter, at this point we believe it is prudent to remain defensively positioned.

- For most of the quarter, spreads remained historically tight and reflective of little pricing for error or volatility. As a result, the Fund took the opportunity to move positioning more defensively by reducing its corporate credit allocation (IG and HY) while increasing its high-quality liquidity holdings in US Treasuries as a percentage of the portfolio.
- In alignment with this shift in risk positioning, the Fund reduced its exposure to leveraged loans as lower floating rates will likely persist and a prioritization of quality continues to take precedent.
- In addition to asset and sector level portfolio adjustments, the team took measures to high-grade the corporate credit sleeves into more defensive and fundamentally resilient, less economically sensitive businesses. The Fund continues to favor credits where capital allocation is focused on fundamental credit improvement through debt pay-down and deleveraging.
- Exposure to mortgage-backed securities increased slightly over the quarter. As in its corporate credit sleeves, the Fund prioritizes idiosyncratic opportunities in MBS where currently defensive characteristics are prioritized.
- Interest rates remain one of the more volatile parts of the market with specifically US 10-year Treasuries yields decreasing by approximately 37 basis points (bps) over the quarter.
- Despite overall caution, we believe that volatility can create security selection opportunities, and we remain diligent in looking for situations where realized volatility may not be indicative of fundamental deterioration. Furthermore, we would highlight that forward return profiles have become more resilient with higher yields.

Within the Funds' US Treasury Allocations:

Over the first quarter of 2025 duration was actively managed as volatility increased.

Overall, we moved incrementally out of our corporate credit allocation and into the long end of the Treasury curve to increase the overall duration of the Total Return Bond Fund and ETF. Similarly, the Short Duration Bond Fund incrementally moved out of corporate credit and into Treasuries overall. These allocations overall was to move into a more defensive risk posture due to the growing economic risks.

Economic activity was very strong to exit in 2024, and this momentum carried into the first few weeks of 2025. However, sentiment started to shift aggressively when the Trump administration started to initiate aggressive policy changes quicker than the markets had originally anticipated. As the potential impacts of tariffs began to be digested volatility increased, growth outlooks were downgraded and inflation expectation began to rise.

After cutting rates over the first quarter of 2024, inflation was still running above target and economic activity remained robust, leaving the Fed's dual mandate in relative balance. Committee members adopted a wait-and-see mentality to avoid preemptively stimulating a strong economy before inflation had receded. This approach was maintained through the volatility of the new administrations' policies.

Within the Funds' Securitized Allocations:

In the first quarter of this year our mortgage allocation remained relatively constant as reinvestment essentially offset the prepayments the portfolio realized during the period. With the rally in spreads that began in the fourth quarter of 2023 and continued into the period, we now believe the asset class is fairly valued versus other major fixed income asset classes. While we have dramatically slowed our new investment in the space, we remain highly focused on more security-specific opportunities where a robust security selection process can help identify those rare superior risk-adjusted return profiles. The elevated rate volatility and large scale moves during the period have allowed us to continue to marginally allocate more towards this asset class. We continue to believe that generically selected collateralized mortgage obligations (CMO) and agency commercial mortgage-backed securities (CMBS) provide better convexity, exhibit less change in duration given changes in interest rates and prepayment speeds and provide higher option-adjusted spreads and yield compared to the broader market, but these opportunities are now much harder to discover in this new valuation regime. Throughout the quarter, we were aided in navigating volatility by our continued focus on seeking to select securities that perform well through a wide band of underlying economic and interest rate assumptions, rather than a specific directional view.

Outlook:

First quarter 2025 was characterized by the Trump administration's policy implementations, which, in our opinion, pose downside risks to growth and upside risks to inflation due to tariffs. Hard data continues to point to resiliency in the economy, but the soft data is starting to turn. Key focus will be if weaker sentiment starts to translate to lower consumption. With this, the Fed continues to be on hold and will not be able to cut rates further in the near term to avoid inflation expectations becoming unanchored.

Heightened uncertainty is making it difficult for companies to give forward outlooks, contributing to elevated market volatility in markets. Consumer spending and labor markets remain healthy during the quarter but sentiment data has started to deteriorate and points to potentially weaker activity moving forward.

Sincerely,

R. Gibson Smith*	Eric C. Bernum, CFA*	Jonathan Aal	Garrett Olson, CFA
Portfolio Manager	Portfolio Manager	Portfolio Manager	Portfolio Manager

* *Gibson Smith and Eric Bernum are Registered Representatives of ALPS Distributors, Inc.*

Top 10 Holdings

ALPS | Smith Total Return Bond Fund

U.S. Treasury Bond 4.125% 10/31/2029	5.06%
U.S. Treasury Bond 4.125% 08/15/2044	4.53%
U.S. Treasury Bond 4.25% 11/15/2034	3.31%
U.S. Treasury Bond 4.625% 02/15/2055	2.97%
U.S. Treasury Bond 4.25% 01/31/2030	2.75%
U.S. Treasury Note 4.125% 11/30/2029	2.66%
U.S. Treasury Bond 4.50% 11/15/2054	2.44%
United States Treasury Inflation Indexed Bonds 2.125% 01/15/2035	2.27%
U.S. Treasury Bond 3.875% 08/15/2034	2.13%
U.S. Treasury Note 3.50% 09/30/2029	1.63%

ALPS | Smith Core Plus Bond ETF

U.S. Treasury Note 4.125% 10/31/2029	5.20%
U.S. Treasury Bond 4.125% 08/15/2044	4.41%
U.S. Treasury Bond 4.25% 11/15/2034	4.27%
U.S. Treasury Note 3.50% 09/30/2029	3.63%
U.S. Treasury Note 4.25% 01/31/2030	3.25%
U.S. Treasury Bond 4.625% 02/15/2055	3.24%
U.S. Treasury Note 4.125% 11/30/2029	3.19%
U.S. Treasury Bond 4.50% 11/15/2054	2.65%
United States Treasury Inflation Indexed Bonds 2.125% 01/15/2035	2.29%
United States Treasury Bond 3.875% 08/15/2034	2.21%

ALPS | Smith Short Duration Bond Fund

U.S. Treasury Note 4.125% 01/31/2027	5.20%
U.S. Treasury Note 3.50% 09/30/2026	4.19%
U.S. Treasury Note 3.50% 09/30/2029	4.16%
U.S. Treasury Note 4.25% 11/30/2026	3.95%
U.S. Treasury Note 4.50% 05/15/2027	3.88%
U.S. Treasury Note 4.25% 03/15/2027	3.75%
U.S. Treasury Note 4.125% 10/31/2029	3.68%
U.S. Treasury Note 4.50% 04/15/2027	3.59%
U.S. Treasury Note 4.25% 01/15/2028	2.37%
U.S. Treasury Note 4.00% 01/31/2029	2.21%

ALPS | Smith Credit Opportunities Fund

U.S. Treasury Bond 4.625% 02/15/2055	3.91%
U.S. Treasury Bond 4.5% 11/15/2054	3.37%
U.S. Treasury Bond 4.125% 08/15/2044	1.84%
Chobani LLC 1M SOFR + 2.50% 10/25/2027	1.59%
National Rural Utilities Cooperative Finance Corp. 3M US SOFR + 3.17% 04/30/2043	1.47%
TransDigm, Inc. 3M US SOFR + 3.25% 02/28/2031	1.46%
Foundry JV Holdco LLC 6.1% 01/25/2036	1.42%
Boeing Co. 7.01% 05/01/2064	1.42%
Bombardier, Inc. 7.00% 06/01/2032	1.34%
Genesis Energy LP / Genesis Energy Finance Corp. 8.25% 01/15/2029	1.21%

Source: Bloomberg L.P., as of 3/31/2025, subject to change

Performance as of 3/31/2025

			Cumulative			Annualized			
Total Returns	**Ticker**	**Inception Date**	**1 M**	**3 M**	**YTD**	**1 Y**	**3 Y**	**5 Y**	**SI**
ALPS | Smith Total Return Bond Fund		6/29/2018							
Class I (Net Asset Value)	SMTHX		-0.11%	2.71%	2.71%	5.28%	1.27%	1.34%	2.91%
Investor Class (Net Asset Value)	SMTRX		-0.07%	2.70%	2.70%	5.03%	1.00%	1.06%	2.62%
Class A (Net Asset Value)	SMAMX		-0.16%	2.61%	2.61%	4.94%	0.98%	1.06%	2.62%
Class A (MOP)			-2.36%	0.29%	0.29%	2.60%	0.22%	-0.07%	1.77%
Class C (Net Asset Value)	SMCHX		-0.20%	2.46%	2.46%	4.24%	0.27%	0.33%	1.90%
Class C (CDSC)			-1.19%	1.46%	1.46%	3.24%	0.27%	0.33%	1.90%
Bloomberg US Aggregate Bond Index			0.04%	2.78%	2.78%	4.88%	0.52%	-0.40%	1.66%
ALPS | Smith Core Plus Bond ETF	SMTH	12/5/2023							
Net Asset Value			-0.04%	2.78%	2.78%	5.51%	–	–	7.15%
Market Price			-0.11%	2.65%	2.65%	5.67%	–	–	7.37%
Bloomberg US Aggregate Bond Index			0.04%	2.78%	2.78%	4.88%	–	–	5.11%
ALPS | Smith Short Duration Bond Fund		6/29/2018							
Class I (Net Asset Value)	SMDSX		0.47%	1.65%	1.65%	5.67%	3.61%	3.11%	3.17%
Investor Class (Net Asset Value)	SMRSX		0.34%	1.57%	1.57%	5.25%	3.31%	2.82%	2.86%
Class A (Net Asset Value)	SMASX		0.44%	1.68%	1.68%	5.37%	3.37%	2.85%	2.89%
Class A (MOP)			-1.86%	-0.57%	-0.57%	3.03%	2.58%	1.69%	2.04%
Class C (Net Asset Value)	SMCMX		0.38%	1.41%	1.41%	4.66%	2.60%	2.09%	2.14%
Class C (CDSC)			-0.62%	0.41%	0.41%	3.66%	2.60%	2.09%	2.14%
Bloomberg 1-3 Year US Govt/Credit Index - Unhedged			0.46%	1.62%	1.62%	5.61%	3.10%	1.56%	2.23%
ALPS | Smith Credit Opportunities Fund		9/15/2020							
Class I (Net Asset Value)	SMCRX		-0.68%	1.39%	1.39%	5.28%	2.71%	–	2.41%
Investor Class (Net Asset Value)	SMCVX		-0.69%	1.36%	1.36%	5.35%	2.78%	–	2.34%
Class A (Net Asset Value)	SMCAX		-0.68%	1.38%	1.38%	5.39%	2.60%	–	2.23%
Class A (MOP)			-2.89%	-0.91%	-0.91%	3.02%	1.81%	–	1.72%
Class C (Net Asset Value)	SMCCX		-0.77%	1.15%	1.15%	4.24%	1.69%	–	1.38%
Class C (CDSC)			-1.76%	0.15%	0.15%	3.24%	1.69%	–	1.38%
50% Bloomberg US Aggregate Bond / 50% Bloomberg US Corporate HY Bond Index			-0.49%	1.89%	1.89%	6.29%	2.76%	–	1.65%

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) for Class A shares of the ALPS | Smith Total Return Bond Fund, ALPS | Smith Short Duration Bond Fund and ALPS | Smith Credit Opportunities Fund includes the Fund's maximum sales charge of 2.25%.

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.

Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

Identifiers and Fees

ALPS | Smith Core Plus Bond ETF	
Ticker	SMTH
CUSIP	00162Q346
Total Operating Expenses	**0.59%**

	Class I	Inv Class	Class A	Class C
ALPS | Smith Total Return Bond Fund				
Identifiers				
Ticker	SMTHX	SMTRX	SMAMX	SMCHX
CUSIP	31761R393	31761R435	31761R427	31761R419
Shareholder Fees *(fees paid directly from your investment)*				
Maximum Sales Charge (Load)†	None	None	2.25%	None
Maximum Deferred Sales Charge‡	None	None	None	1.00%
Annual Fund Operating Expenses *(expenses you pay each year as a percentage of the value of your investment)*				
Total Operating Expenses	**0.74%**	**0.97%**	**0.97%**	**1.73%**
What You Pay^	0.59%	0.89%	0.89%	1.59%
ALPS | Smith Short Duration Bond Fund				
Identifiers				
Ticker	SMDSX	SMRSX	SMASX	SMCMX
CUSIP	31761R351	31761R385	31761R377	31761R369
Shareholder Fees *(fees paid directly from your investment)*				
Maximum Sales Charge (Load)†	None	None	2.25%	None
Maximum Deferred Sales Charge‡	None	None	None	1.00%
Annual Fund Operating Expenses *(expenses you pay each year as a percentage of the value of your investment)*				
Total Operating Expenses	**0.57%**	**0.82%**	**0.80%**	**1.53%**
What You Pay^	0.49%	0.79%	0.79%	1.49%
ALPS | Smith Credit Opportunities Fund				
Identifiers				
Ticker	SMCRX	SMCVX	SMCAX	SMCCX
CUSIP	31761T803	31761T506	31761T605	31761T704
Shareholder Fees *(fees paid directly from your investment)*				
Maximum Sales Charge (Load)†	None	None	2.25%	None
Maximum Deferred Sales Charge‡	None	None	None	1.00%
Annual Fund Operating Expenses *(expenses you pay each year as a percentage of the value of your investment)*				
Total Operating Expenses	**1.01%**	**1.26%**	**1.25%**	**1.94%**
What You Pay^	0.90%	1.20%	1.20%	1.90%

† *Fee imposed on purchases.*

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

^ *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.*

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.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemable.

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.

The characteristics presented for the ALPS | Smith Total Return Bond Fund, ALPS | Smith Short Duration Bond Fund and ALPS | Smith Credit Opportunities Fund reflect trade date + 1 information.

A rise in interest rates typically causes bond prices to fall. The longer the duration of the bonds held by a fund, the more sensitive it will likely be to interest rate fluctuations.

The Fund's investments in fixed-income securities and positions in fixed-income derivatives may decline in value because of changes in interest rates. As nominal interest rates rise, the value of fixed-income securities and any long positions in fixed-income derivatives held by the Fund are likely to decrease, whereas the value of its short positions in fixed-income derivatives is likely to increase.

Overall securities market risks may affect the value of individual instruments in which the Fund invests. Factors such as domestic and foreign economic growth and market conditions, interest rate levels, and political events affect the securities and derivatives markets. When the value of the Fund's investments goes down, your investment in the Fund decreases in value and you could lose money.

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

Bloomberg 1-3 Year US Government/Credit Index: includes all medium and larger issues of US government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 3 years and are publicly issued.

Bloomberg US Aggregate Bond Index: a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, fixed-rate agency MBS, ABS and CMBS (agency and non-agency).

Bloomberg US Corporate High Yield Bond Index: measures the USD-denominated, high yield, fixed-rate corporate bond market.

Bond Rating: a letter-based credit scoring scheme used to judge the quality and creditworthiness of a bond. Investment grade bonds are assigned "AAA" to "BBB-" ratings from Standard & Poor's, and Aaa to Baa3 ratings from Moody's. Junk bonds have lower ratings. The higher a bond's rating, the lower the interest rate it will carry, all else equal.

Credit Rating: an assessment of the creditworthiness of a borrower in general terms or with respect to a particular debt or financial obligation.

High Yield: commonly referred to as "junk" or "junk bonds," fixed income securities rated below investment grade (below BBB). High yield bonds pay higher interest rates because they have lower credit ratings than investment-grade bonds.

Investment Grade (IG): a rating that signifies that a municipal or corporate bond presents a relatively low risk of default. To be considered an investment grade issue, the company must be rated at 'BBB' or higher by Standard and Poor's or Moody's. Anything below this 'BBB' rating is considered non-investment grade.

Liquidity: the degree to which an asset or security can be bought or sold in the market without affecting the asset's price.

Yield Curve: a graphical representation of the yields (y-axis) on debt instruments with different maturities (x-axis).

One may not invest directly in an index.

ALPS Advisors, Inc. and Smith Capital Investors, LLC, registered investment advisers with the SEC, are the investment adviser and sub-adviser to the Funds, respectively. ALPS Advisors, Inc., ALPS Distributors, Inc. and ALPS Portfolio Solutions Distributor, Inc., affiliated entities, are unaffiliated with Smith Capital Investors, LLC.

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

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