REIT

ALPS Active REIT ETF

ACTIVE AND FLEXIBLE INVESTMENT APPROACH

Quarterly Insights | Q4 2023

Key Takeaways

- The ALPS Active REIT ETF (REIT ETF) returned 16.11% in Q4 2023, outperforming the S&P US REIT Index (its "benchmark") by 7 basis points (bps). Significant contributors included Retail (2.65% contribution to return), Industrial (2.34%), Technology (1.89%), Residential (1.86%), Self-Storage (1.85%), Hotel (1.74%), Healthcare (1.52%) and Net Lease (1.52%). There were no detractors for the quarter.
- Since inception, REIT ETF has outperformed its benchmark by 70 bps annualized and ranks in the 3rd percentile of the Morningstar Real Estate Fund Category during that period. It also outperformed its ETF Peer Group median by 220 bps annualized, its Mutual Fund Peer Group median by 231 bps annualized and the MSCI US IMI Real Estate 25/50 GR Index (the largest REIT benchmark by assets) by 259 bps annualized during the same period.
- At the end of Q4, REIT ETF was overweight Industrial, Technology, Retail, Hotel and Self-Storage REITs while underweight Residential, Healthcare, Net Lease and Office REITs. The top five sectors – Industrial, Residential, Technology, Retail and Healthcare comprise 67% of the portfolio, a collective overweight of 202 bps vs the benchmark for these sectors.
- Public REIT net asset value (NAV) discounts narrowed dramatically in Q4 to -4.7%, just below the 10 year average of -4.6%, as investors recalibrated valuations on the potential for a pause in Federal Reserve (Fed) rate hikes. For well-capitalized REITs, higher rates can be favorable as they can temper supply and enable rent and net operating income growth.
- The long hoped-for return to office never materialized in 2023 as occupancy census numbers plateaued at ~50%. US office vacancies hit a record high of 19.6% in Q4 2023, surpassing prior peaks from 1991 and 1986. Elevated vacancies are expected to persist for the next several years until supply stabilizes and excess space is absorbed.
- Public REITs possess enhanced access to capital and a cost of capital advantage relative to private market peers, which should bode well for short and intermediate term REIT returns.

Performance Notes

- The ALPS Active REIT ETF (REIT ETF) returned 16.11% in Q4 2023, outperforming the S&P US REIT Index (its "benchmark") by 7 basis points (bps). All major sectors were positive for the quarter, led by Infrastructure/Cell Towers (30.64%), Office (23.54%) and Self-Storage (23.51%) as expectations of additional rate hikes faded and valuations stabilized.
- Since inception, REIT ETF has outperformed its benchmark by 70 bps annualized and ranks in the 3rd percentile of the Morningstar Real Estate Fund Category during that period.

Performance Summary

	Q4 2023	YTD	1 Y
REIT ETF (NAV)	16.11%	13.74%	13.74%
S&P US REIT Index	16.04%	13.77%	13.77%

As of 12/31/2023

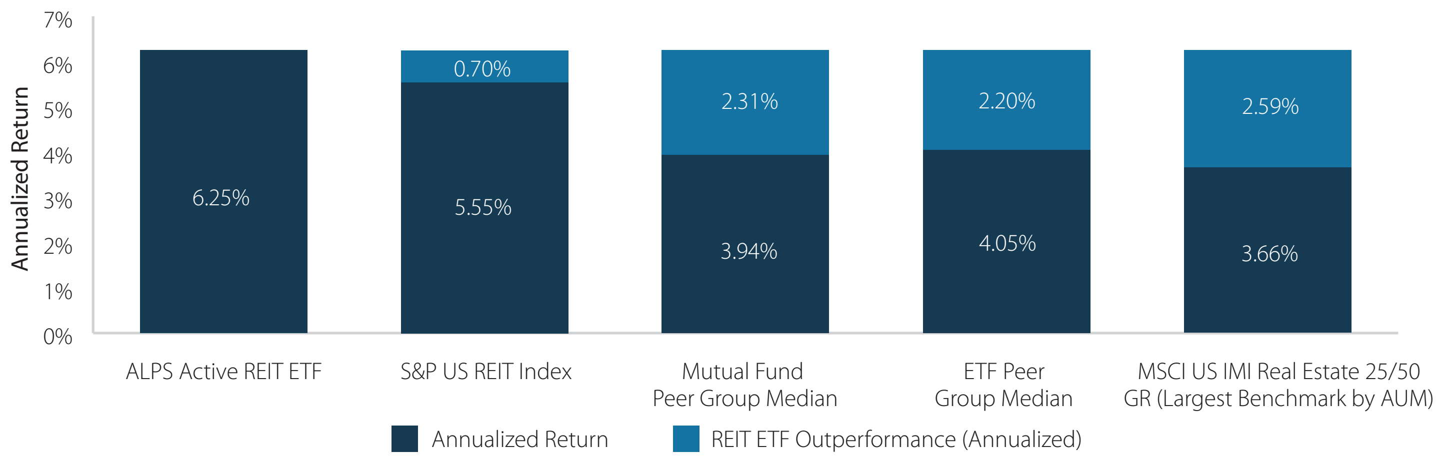
Performance data quoted represents past performance. Past performance is no guarantee of future results so that shares, when redeemed, may be worth more or less than their original cost. The investment return and principal value will fluctuate. Current performance may be higher or lower than the performance quoted. For current month-end performance call 1-866-759-5679 or visit www.alpsfunds.com. Performance includes reinvested distributions and capital gains.

For standardized performance please see page 5.

REIT ETF Performance vs Peers

Since inception, REIT ETF has outperformed its benchmark (70 bps annualized) as well as ETF Peer Group median (20 bps annualized) and Mutual Fund Peer Group median (231 bps annualized). It has also outperformed the MSCI US IMI/Real Estate 25-50 GR Index (the largest REIT benchmark by AUM) by 259 bps annualized. REIT ETF ranks in the 3rd percentile in the Morningstar Real Estate Fund Category over this period.[1]

REIT Outperformance Since Inception



Past performance is no guarantee of future results. One may not invest directly in an index.

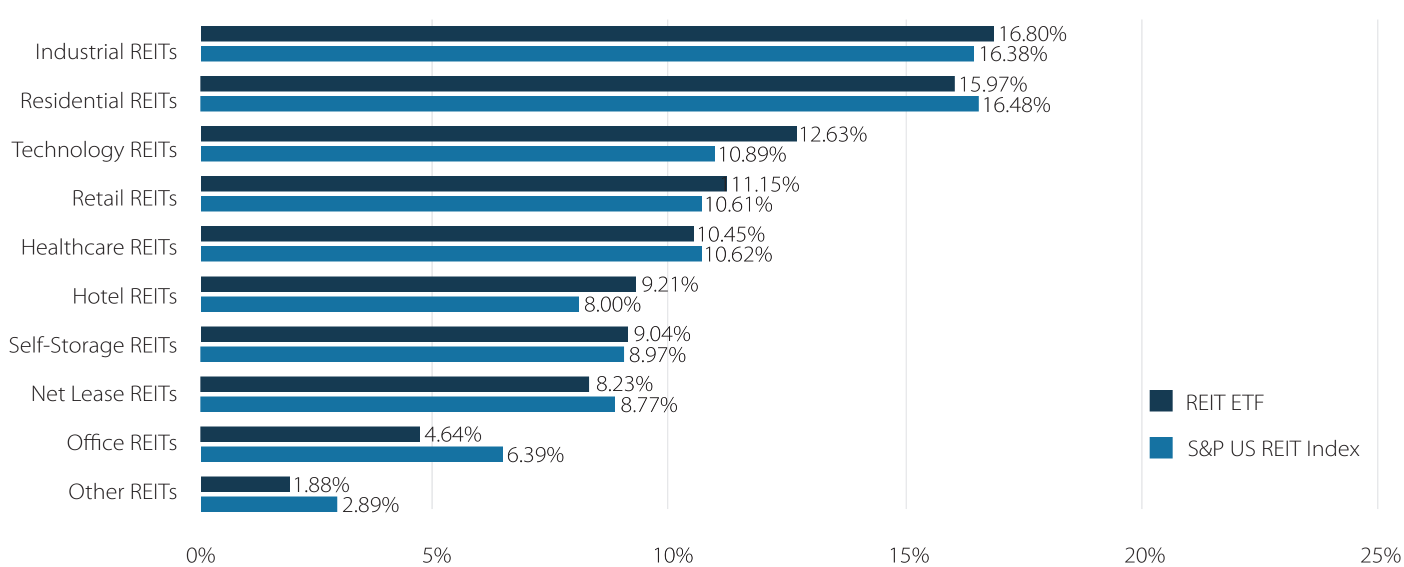
Source: SS&C ALPS Advisors, Morningstar, 2/25/2021 - 12/31/2023

[1] Morningstar US Fund Real Estate Category. The Funds ranking is based on total return during the specified time periods. The Funds return reflects fee waivers and expense reimbursements. Number of funds in category for period was 239. ETF Peer Group: 31 funds. Mutual Fund Peer Group: 208 funds.

Sector Allocation Highlights

At the end of Q4, ALPS Active REIT ETF was overweight Industrial, Technology, Retail, Hotel and Self-Storage REITs while underweight Residential, Healthcare, Net Lease and Office REITs. The top five sectors – Industrial, Residential, Technology, Retail and Healthcare comprise 67% of the portfolio, a collective overweight of 202 bps vs the benchmark for these sectors.

Sector Allocations



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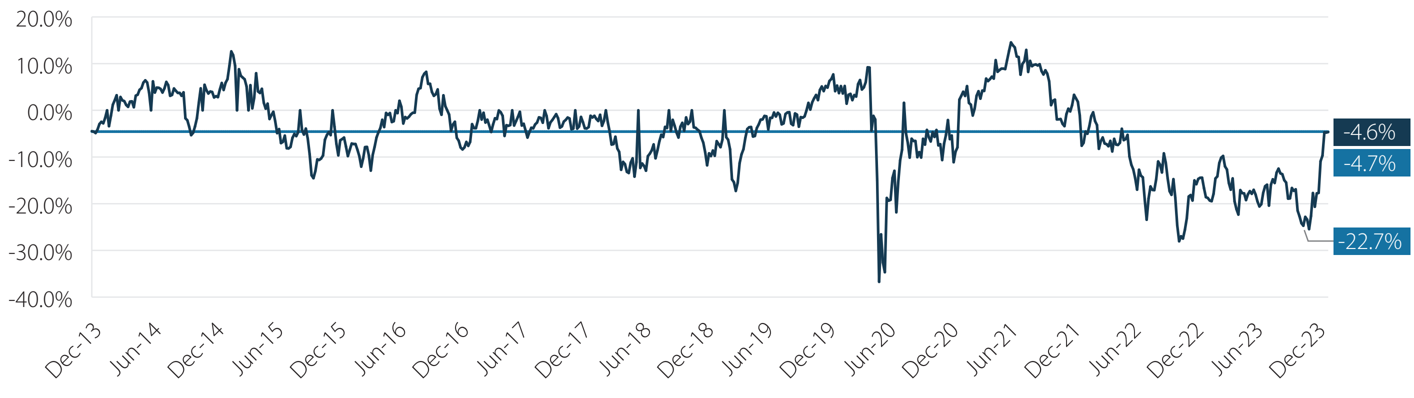
Source: SS&C ALPS Advisors, Bloomberg, as of 12/31/2023

REIT NAV Discounts Narrowed Significantly in Q4

Public REIT NAV discounts narrowed dramatically in Q4 to -4.7%, just below the 10 year average of -4.6%, as investors recalibrated valuations on the potential for a pause in Fed rate hikes. For well-capitalized REITs, higher rates can be favorable as they can temper supply and enable rent and net operating income growth. Notable changes in discounts included Cell Towers, which went from a -24.6% to an 11.0% premium, and Self-Storage, which went from a -23.0% discount to a 3.6% premium. Healthcare, Data Center, Industrial and Mall REITs traded at NAV premiums as of the end of Q4.

REITs Net Asset Value (NAV) Premium

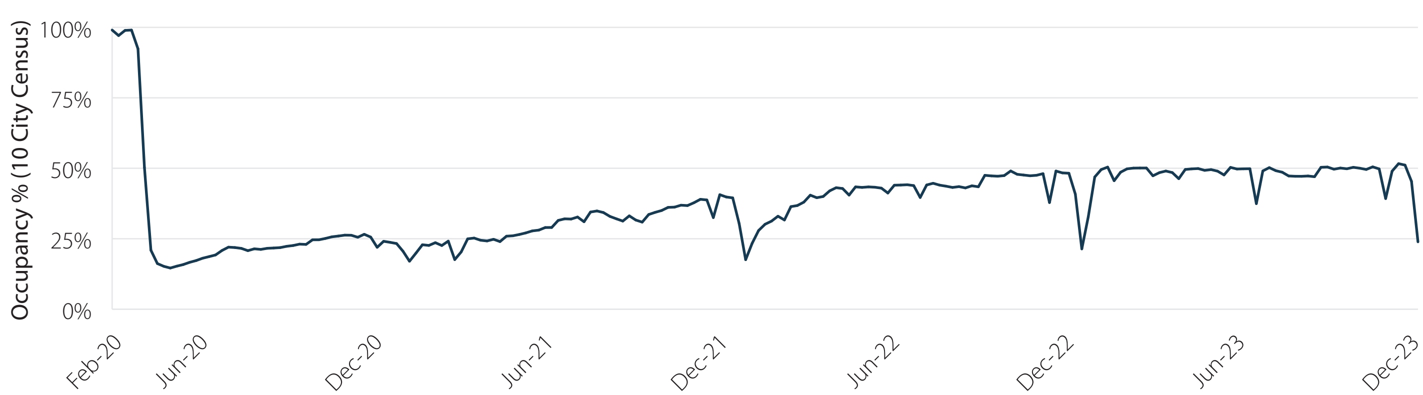


Source: Green Street, as of 12/31/2023

Office Real Estate Update

The long hoped-for return to office never materialized in 2023 as occupancy census numbers plateaued at ~50%. US office vacancies hit a record high of 19.6% in Q4 2023, surpassing prior peaks from 1991 and 1986. Elevated vacancies are expected to persist for the next several years until supply stabilizes and excess space is absorbed. In 2023, we also learned that 1) conversion economics are currently not compelling, 2) existing office buildings are expensive to tear down and 3) persistent oversupply depresses economics in local markets, creating significant headwinds for the Office sector.

Kastle Back to Work Barometer



Source: Bloomberg, as of 12/31/2023

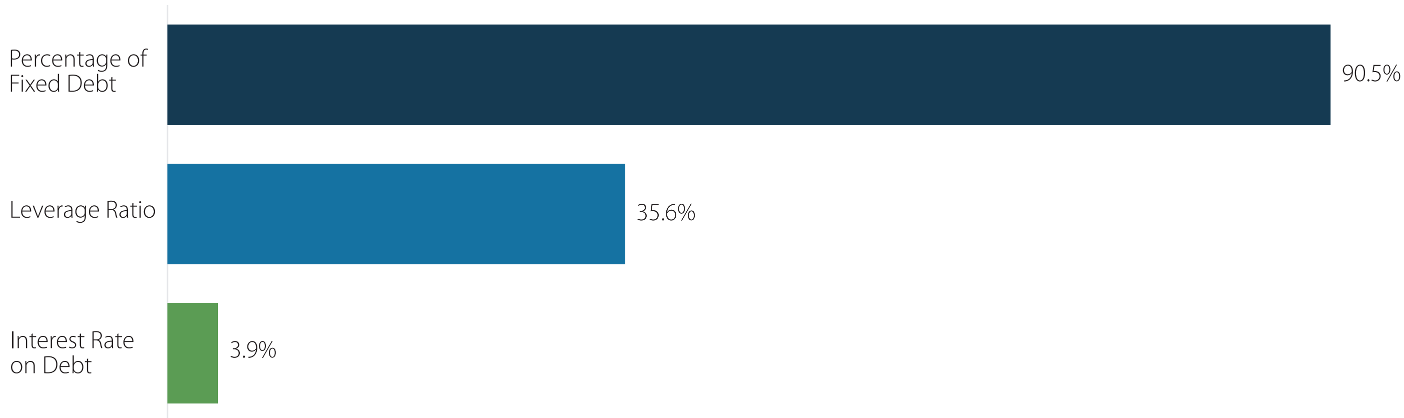
Public REITs Have Strong Balance Sheets and Access to Low Cost Capital

REITs possess enhanced access to capital and a cost of capital advantage relative to private market peers, which should bode well for short and intermediate term REIT returns. Current financing costs and restricted capital availability favor lower-leverage players, such as most of the listed REIT universe.

Most REIT balance sheets have a percentage (90%+) of fixed rate debt, carry low leverage (35% or less) with low interest rates on debt (<4%). Public REIT balance sheets are well-laddered, with a weighted average time to maturity of 5+ years. Public REITs have access to unsecured and secured debt, commercial paper, overnight equity and ATM (at-the-market offering) programs providing greater flexibility in their capital structures.

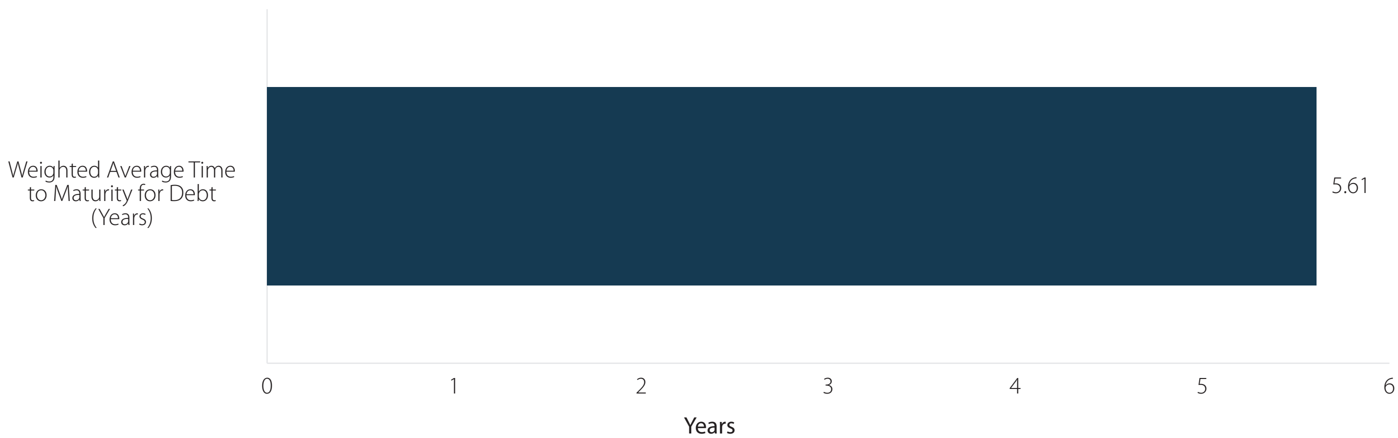
The recent decline in debt costs has given REIT unsecured debt an approximately 150 basis point interest rate advantage over conventional secured debt. In addition, many private real estate owners with maturing conventional debt will be required to invest additional equity to successfully refinance their debt.

Public REIT Balance Sheets Are Strong
High Percentage of Fixed Debt, Low Leverage Ratios, Low Interest Rates on Debt



Source: Green Street, as of 12/31/2023
Median values across REIT sectors.

Public REITs Have Significant Refinancing Cushion



Source: Green Street, as of 12/31/2023
Median values across REIT sectors.

REIT
ALPS Active REIT ETF

ALPS Active REIT ETF (REIT) Performance as of 12/31/2023

	Cumulative				Annualized	
Total Returns	**1 M**	**3 M**	**YTD**	**SI†**	**1 Y**	**SI†**
NAV (Net Asset Value)	10.12%	16.11%	13.74%	18.83%	13.74%	6.25%
Market Price	10.07%	16.06%	13.69%	18.83%	13.69%	6.25%
S&P US REIT Index	9.85%	16.04%	13.77%	16.60%	13.77%	5.54%

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.

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.

† *Fund inception date: 2/25/2021*

Total Operating Expenses: ***0.68%***

Top 10 Holdings

SIMON PROPERTY GROUP INC	7.53%
REXFORD INDUSTRIAL REALTY INC	6.48%
PUBLIC STORAGE	6.39%
REALTY INCOME CORP	5.81%
AVALONBAY COMMUNITIES INC	5.75%
EQUINIX INC	5.71%
DIGITAL REALTY TRUST INC	5.50%
PROLOGIS INC	5.43%
VICI PROPERTIES INC	5.35%
FIRST INDUSTRIAL REALTY TR	5.07%

Source: SS&C ALPS Advisors, 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.

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.

Effective 8/22/2023, the Fund will no longer operate as a semi-transparent actively-managed ETF and will instead operate as a traditional, fully transparent activelymanaged ETF in reliance on Rule 6c-11 under the Investment Company Act of 1940.

Diversification does not eliminate the risk of experiencing investment losses.

Ownership of real estate is subject to fluctuations in the value of underlying properties, the impact of economic conditions on real estate values, the strength of specific industries renting properties and defaults by borrowers or tenants. Real estate is a cyclical business, highly sensitive to general and local economic conditions and developments, and characterized by intense competition and periodic overbuilding. Credit and interest rate risk may affect real estate companies' ability to borrow or lend money.

The Fund will primarily invest in publicly traded common equity securities of US REITs. The Fund may also invest a portion of its assets in publicly traded common equity of US real estate operating companies (not structured as REITs), publicly traded preferred equity of US REITs and real estate operating companies, and cash and cash equivalents.

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

Debt-to-EBITDA Ratio: compares a company's total obligations to the actual cash the company brings in from its operations. It reveals how capable the firm is of paying its debt and other liabilities if taxes and the expenses from depreciation and amortization are deferred.

Kastle Back to Work Barometer: a measure of current average weekly (first time a day) swipe activity across a 10-city sample of commercial office buildings which utilize Kastle building security, compared to a weekly average from before office use dropped due to COVID-19. The 10-city sample includes: Houston, Chicago, Austin, New York, Dallas, Los Angeles, San Francisco, Washington D.C., San Jose and Philadelphia.

MSCI US IMI Real Estate 25/50 Index: designed to capture the large, mid and small cap segments of the US equity universe. All securities in the index are classified in the Real Estate sector as per the Global Industry Classification Standard (GICS). The Index also applies certain investment limits to help ensure diversification - limits that are imposed on regulated investment companies, or RICs, under the current US Internal Revenue Code.

Real Estate Investment Trust (REIT): companies that own or finance income-producing real estate across a range of property sectors. Listed REITs have characteristics of both the income potential of bonds and growth potential of stocks.

S&P US REIT Index: defines and measures the investable universe of publicly traded real estate investment trusts (REITs) domiciled in the United States.

One may not invest directly in an index.

ALPS Advisors, Inc. and GSI Capital Advisors, LLC, 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 GSI Capital Advisors, LLC.

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

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