

ALPS Disruptive Technologies ETF

Quarterly Insights | Q4 2023

Key Takeaways

- The ALPS Disruptive Technologies ETF (DTEC) gained 17.27% in the fourth quarter of 2023 as global technology stocks rose on optimism that interest rates and inflation may be peaking.
- Mobile Payments was DTEC’s best performing theme for Q4 2023, with all ten underlying holdings in the green.
- Block Inc. (**SQ, 1.09% weight***), a Mobile Payments name, was the top performer in DTEC for Q4, soaring 74.76% after boosting guidance for the year while also announcing a \$1 billion buyback program during their Q3 earnings.

Performance Notes

- The ALPS Disruptive Technologies ETF (DTEC) gained 17.27% in the fourth quarter, outpacing the Morningstar Global Markets Index (MSGMUSDN) as global growth stocks rebounded on investor optimism surrounding lower interest rates and inflation that would positively impact financing costs in the space. For the full year 2023, DTEC gained 24.88% and outpaced its broad-based index by over 330 basis points (bps).
- DTEC’s overweight and stock selection within the Information Technology sector and selection effect within the Healthcare sector led to outperformance compared to the MSGMUSDN Index in Q4. Information Technology names had a strong quarter and DTEC’s larger allocation to the sector benefitted the fund in the final quarter of the year. DTEC has a similar percentage allocation to Healthcare names as the Morningstar Global Markets Index, but outperformed in part due to stock selection within the sector. One such healthcare name, Insulet Corp. (**PODD, 1.07% weight***), gained 36.05% this quarter after the Massachusetts-based insulin pump maker posted strong earnings and increased 2023 revenue guidance.

Performance Summary

	Q4 2023	YTD	1 Y
DTEC (NAV)	17.27%	24.87%	24.87%
IDTEC Index - NTR	17.25%	25.35%	25.35%
Morningstar Global Markets Index - NTR	11.05%	21.33%	21.33%

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 3.

Strategy

- **Diversification:** Access to 10 Equally Weighted Disruptive Technology Themes
- **Long-term Capital Appreciation:** Thematic Alpha
- **Exposure:** Global All-Cap Equity Exposure

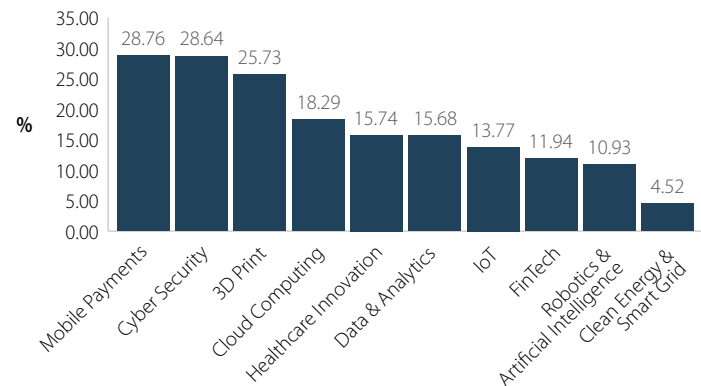


Attribution

- Mobile Payments (+28.76%) and Cyber Security (+28.64%) were the leaders in Q4 2023 among DTEC’s 10 disruptive technology themes, while the Clean Energy & Smart Grid (+4.52%) theme was the laggard, although still positive for the quarter. The Clean Energy & Smart Grid theme was dragged down, relative to other themes, by Solar Edge Technologies Inc. (**SEDG, 1.12% weight***) which fell 27.73% in the quarter after warning of industry weakness while discussing cancellations and delayed orders for its solar microinverters.
- Mobile Payments, the best performing theme in Q4, was spearheaded by Block Inc. (**SQ, 1.09% weight***), highlighted below in the Company Spotlight, skyrocketing 74.76%. Adyen N.V. (**ADYEN NA, 1.00% weight***), another Mobile Payments name, was the second best performer in the fund, 73.32%. Netherlands-based Adyen gained after outlining new growth targets that put investors at ease after previous concerns of targets being unrealistic.
- Cyber Security name, CrowdStrike Holdings Inc. (**CRWD, 1.02% weight***), gained 52.54% this quarter, leading all names within the theme. CrowdStrike rose on strong earnings and outlook, emphasizing it is on target to reach \$10 billion in annual recurring revenues in the next 5-7 years, leading to several price target upgrades for the Texas-based company.

* Weight in DTEC as of 12/31/2023

DTEC Theme Performance - Q4 2023



Source: Bloomberg L.P., as of 12/31/2023

Past performance is no guarantee of future results.

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Valuation Update

- As of the end of December 2023, DTEC's underlying index (IDTEC) had a price-to-earnings ratio (P/E ratio) of 33.54x and a price-to-cash flow (P/CF) ratio of 17.94x.

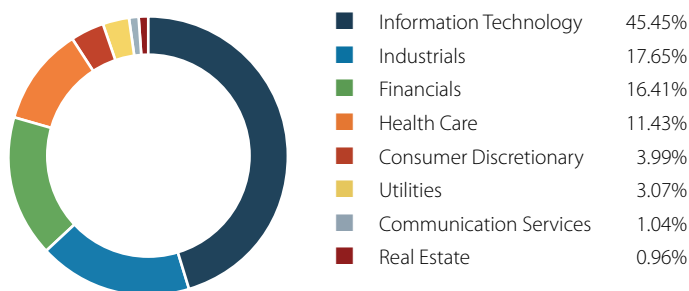
DTEC Top/Bottom Performers
Q4 2023

Leaders	Performance	Theme
BLOCK INC (SQ US)	74.76%	Mobile Payments
ADYEN NV (ADYEN NA)	73.32%	Mobile Payments
CROWDSTRIKE HOLDINGS INC - A (CRWD US)	52.54%	Cyber Security
Laggards	Performance	Theme
SOLAREEDGE TECHNOLOGIES INC (SEDG US)	-27.73%	Clean Energy & Smart Grid
XINYI SOLAR HOLDINGS LTD (968 HK)	-22.03%	Clean Energy & Smart Grid
SENSETIME GROUP INC- CLASS B (20 HK)	-18.72%	Robotics & Artificial Intelligence

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

Past performance is no guarantee of future results.

Sector Allocations



*Weight in DTEC as of 12/31/2023

Price Multiples

	IDTEC Index	Morningstar Global Markets Index
Price/Earnings Ratio	33.54x	17.94x
Price/Cash Flow Ratio	18.51x	10.43x
Price/Sales Ratio	3.78x	1.78x
Average Market Capitalization (in Mil, \$)	56,217	417,125

Source: Morningstar, as of 12/31/2023

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Q4 2023 Company Spotlight

Company: **Block Inc.**
(SQ, 1.09% weight*)



Theme:
Mobile Payments

- Block is a San Francisco-based Mobile Payments company, noteworthy for its Square and Cash App products.
- Block was the top performing stock in DTEC this quarter, +74.76%, after reporting strong Q3 earnings in early November. Forty percent revenue growth, including double-digit Bitcoin revenue, highlighted the report while also boosting guidance for 2023 and beyond. Block gave a preliminary outlook for 2024 that far exceeded analyst expectations while also announced a \$1 billion share buyback program.
- Block received several price target increases after its strong earnings from analysts at Wells Fargo and Bank of America, to name a few.

ALPS Disruptive Technologies ETF (DTEC) Performance as of 12/31/2023

Total Returns	Cumulative				Annualized			
	1 M	3 M	YTD	SI ¹	1 Y	3 Y	5 Y	SI ¹
NAV (Net Asset Value)	8.25%	17.27%	24.87%	68.34%	24.87%	-3.31%	11.83%	9.06%
Market Price	8.42%	17.35%	25.04%	68.26%	25.04%	-3.31%	11.93%	9.05%
Indxx Disruptive Technologies Index - NTR	8.16%	17.25%	25.35%	71.38%	25.35%	-2.98%	12.20%	9.38%
Morningstar Global Markets Index - NTR	5.11%	11.05%	21.33%	54.41%	21.33%	5.36%	11.37%	7.50%

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.

¹ Fund inception date: 12/28/2017

Total Operating Expenses: **0.50%**

Top 10 Holdings

ANSYS INC	1.22%	STRATASYS LTD	1.16%
ALIGN TECHNOLOGY INC	1.22%	AUTOSTORE HOLDINGS LTD	1.15%
OKTA INC	1.21%	FIRST SOLAR INC	1.15%
GMO PAYMENT GATEWAY INC	1.16%	VESTAS WIND SYSTEMS A/S	1.13%
PAGSEGURO DIGITAL LTD-CL A	1.16%	SOLAREEDGE TECHNOLOGIES INC	1.12%

Source: Bloomberg L.P., as of 12/31/2023, subject to change

Daily holdings are available at www.alpsfunds.com.

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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.

Companies that the Index Provider believes are developing disruptive technologies may not in fact do so or may not be able to capitalize on those technologies. Companies that develop disruptive technologies may face political, legal or regulatory challenges. Such companies may also be exposed to risks applicable to industries or sectors other than the disruptive technology Theme for which they are chosen and may underperform relative to other companies that are also focused on a particular Theme.

Smaller and mid-size companies often have a more limited track record, narrower markets, less liquidity, more limited managerial and financial resources and a less diversified product offering than larger, more established companies. As a result, their performance can be more volatile, which may increase the volatility of the Fund's portfolio.

The large capitalization companies in which the Fund invests may underperform other segments of the equity market or the equity market as a whole.

The Fund's investments in non-US issuers may involve unique risks compared to investing in securities of US issuers, including, among others, less liquidity generally, greater market volatility than US securities and less complete financial information than for US issuers. In addition, adverse political, economic or social developments could undermine the value of the Fund's investments or prevent the Fund from realizing the full value of its investments. Finally, the value of the currency of the country in which the Fund has invested could decline relative to the value of the US dollar, which may affect the value of the investment to US investors.

The Fund employs a "passive management" - or indexing - investment approach and seeks investment results that correspond (before fees and expenses) generally to the performance of its underlying index. Unlike many investment companies, the Fund is not "actively" managed. Therefore, it would not necessarily sell or buy a security unless that security is removed from or added to the underlying index, respectively.

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

Indx Disruptive Technologies Index (IDTEC): designed to track the performance of companies that are likely to disrupt an existing market and value network, displace established market leading firms, products and alliances and increasingly gain market share.

Morningstar Global Markets Index: measures the performance of the stocks located in the developed and emerging countries across the world. Stocks in the index are weighted by their float capital, which removes corporate cross ownership, government holdings and other locked-in shares.

Price/Cash Flow (P/CF) Ratio: represents the weighted average of the price/cash flow ratios of the stocks in a portfolio. Price/cash flow represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

Price/Earnings (P/E) Ratio: a valuation ratio of a company's current share price compared to its per-share earnings.

Price/Sales (P/S) Ratio: represents the weighted average of the price/sales ratios of the stocks in a portfolio. Price/sales represent the amount an investor is willing to pay for a dollar generated from a particular company's operations.

Thematic Alpha: the excess return of an investment relative to the return of a benchmark index that can be attributed to thematic investment strategies.

Thematic Investing: designed to participate in longer term technological disrupters, economic and political developments and social trends.

One may not invest directly in an index.

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

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

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