

ALPS Emerging Sector Dividend Dogs ETF

VALUE, INCOME, DIVERSIFICATION

Quarterly Insights | Q3 2023

Key Takeaways

- The ALPS Emerging Sector Dividend Dogs ETF (EDOG) slightly outperformed broad-based emerging markets indices with multiple companies within EDOG posting better-than-expected earnings, despite headwinds from elevated global interest rates and persistent inflation.
- EDOG's Energy sector was the top-performing sector in Q3 2023, contributing +1.31% to fund performance.
- EDOG's month-end price-to-earnings ratio (P/E ratio) of 7.10x remains at a sizeable discount to that of the Morningstar Emerging Markets Index P/E of 12.50x.

Performance Notes

- The ALPS Emerging Sector Dividend Dogs ETF (EDOG) returned -1.43% in Q3 2023, slightly outperforming broad-based emerging markets (EM) benchmarks as measured by the Morningstar Emerging Markets Index (MEMMN), which returned -1.66% during the same period. EDOG's relative underweight to Information Technology names and overweight towards the Energy sector drove its slight outperformance over the Morningstar Emerging Markets Index. EDOG's cyclical value exposure with companies that exhibit lower valuation multiples and high dividend yields may continue to be better suited for the current inflationary environment as broad emerging markets and growth equities face falling margins from higher yields.
- In the third quarter of 2023, broad emerging markets outpaced developed markets after a strong start to the quarter, but the risk appetite remains low for emerging markets as the strength of the US economy likely means higher rates for longer than first anticipated. China continues to underperform in 2023 as its property sector struggles despite the country's reopening earlier this year. With inflation and energy prices remaining elevated, EDOG's underweight to China along with its overweight to cyclical value-oriented sectors including Energy, Materials and Industrials positions the fund competitively against broader-based EM indices.

Performance Summary

	Q3 2023	YTD	1 Y	3 Y
EDOG (NAV)	-1.46%	3.12%	19.76%	8.67%
S-Network Emerging Sector Dividend Dogs Index - NTR	-1.33%	3.45%	20.75%	9.51%
Morningstar Emerging Markets Index - NTR	-1.66%	3.50%	13.10%	0.56%

As of 9/30/2023

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

- EDOG is an Exchange-Traded Fund that applies the 'Dogs of the Dow Theory' on a sector-by-sector basis, using the S-Network Emerging Markets Index as its starting universe of eligible securities.
- The strategy provides high dividend exposure across all sectors of the market by selecting the five highest yielding securities in 10 of the 11 GICS sectors (Real Estate sector excluded). In addition, the country representation is capped at five eligible securities per country.
- Equally weighting at the stock and sector level may provide diversification while avoiding sector biases.



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Dividend Yields of Broad Market Indexes

- As of September 30, 2023, EDOG's underlying index carries a higher trailing twelve month dividend yield relative to major emerging market indices due to its relative overweight to higher-yielding names in Chile, South Africa and Indonesia.
- EDOG has a 7.73%* overweight to Chile, a 7.65%* overweight to South Africa and a 7.48%* overweight to Indonesia relative to the Morningstar Emerging Markets Index.

Contribution to Return by Sector

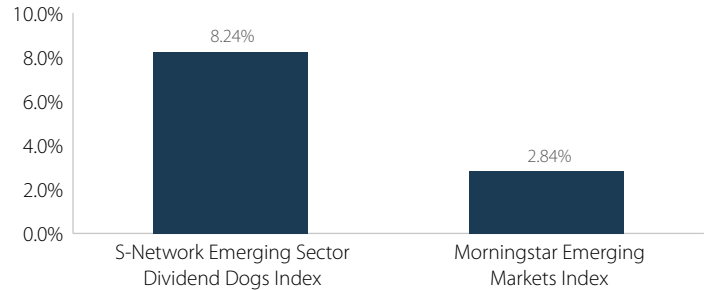
- EDOG's top-performing sectors in Q3 2023 were Energy (+1.31%), Health Care (+0.40%) and Industrials (+0.23%), while Communication Services (-0.85%) and Materials (-0.64%) detracted from overall fund performance. Within EDOG's Energy sector, Indo Tambangraya Megah Tbk PT (ITMG IJ, 1.91% weight*), rose over 28% in Q3 2023, dodging the effects of lower coal prices and announcing a higher-than-expected dividend despite lower net income in the previous quarter.
- EDOG Health Care name, Bumrungrad Hospital PCL (BH TB, 2.62% weight*), surged 15.37% last quarter following stellar earnings which saw net income 26% above consensus estimates thanks to better margins and high demand among all business segments.

Contribution to Return by Country

- EDOG's largest contributors to return by country in Q3 2023 were Colombia (+0.50%), India (+0.45%) and Malaysia (+0.28%), while South Africa (-0.99%) and Mexico (-0.57%) detracted from overall fund performance. Oil company Ecopetrol SA (EC US, 1.97% weight*) was the top performer within EDOG's allocation to Colombia, gaining 22.30% on the back of higher pricing power thanks to a supply and demand imbalance for oil in the country.
- Within EDOG's allocation to India, pharmaceutical company, Dr. Reddy's Laboratories (RDY US, 2.57% weight*), gained 6.70% last quarter after posting strong Q2 earnings on the back of higher-than-expected drug sale growth in the US and Russia.
- Finally, Turkish car manufacturer, Tofas Turk Otomobil Fabrikasi AS (TOASO TI, 2.57% weight*), also benefited from strong Q2 earnings, rallying over 11% as earnings beat estimates due to strong sales in domestic light vehicles. Additionally, Tofas entered a share purchase agreement with Stellantis NV (STLAM IM, not in EDOG) to buy their Turkey car segment, adding to the third quarter rally.

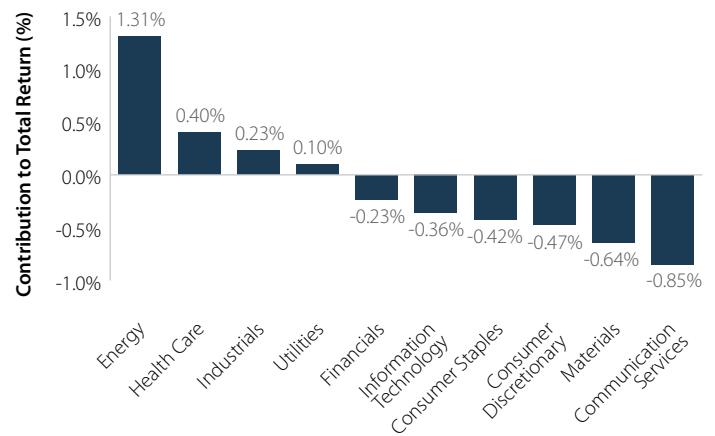
* Weight in EDOG as of 9/30/2023

Trailing Twelve Month Dividend Yield



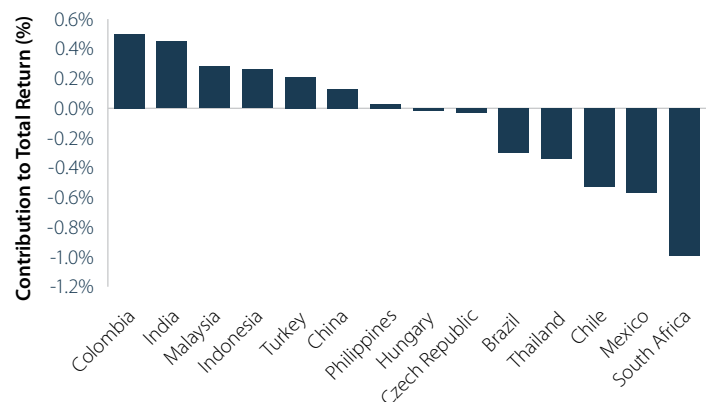
Source: Bloomberg L.P., as of 9/30/2023
Past performance is no guarantee of future results.

Contribution to Return by Sector



Source: Bloomberg L.P., as of 9/30/2023
Past performance is no guarantee of future results.

Contribution to Return by Country



Source: Bloomberg L.P., as of 9/30/2023
Past performance is no guarantee of future results.

Valuation Update

- EDOG's underlying index, EDOGX, carries a dividend yield of 8.24%, which far exceeds a comparable benchmark yield for the Morningstar Emerging Markets Index (MEMMN) of 2.84%.
- EDOGX's current P/E ratio of 7.10x currently sits at a sizeable discount to the MEMMN Index P/E of 12.50x and below its three-year average as of September 30, 2023.

Price Multiples

	EDOGX Index		Morningstar Emerging Markets Index	
	Current	3 Year Avg	Current	3 Year Avg
Price/Earnings Ratio	7.10x	9.07x	12.50x	13.60x
Price/Book Ratio	1.20x	1.31x	1.55x	1.59x
Price/Cash Flow Ratio	5.06x	5.13x	6.47x	6.92x
Trailing Twelve Month Yield	9.17%	6.80%	2.84%	2.49%
EDOG 30-Day SEC Yield	4.04%			

Source: Bloomberg L.P., as of 9/30/2023

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ALPS Emerging Sector Dividend Dogs ETF (EDOG) Performance as of 9/30/2023

Total Returns	Cumulative				Annualized			
	1 M	3 M	YTD	SI ¹	1 Y	3 Y	5 Y	SI ¹
NAV (Net Asset Value)	-3.20%	-1.46%	3.12%	22.65%	19.76%	8.67%	4.24%	2.17%
Market Price	-3.63%	-2.31%	3.26%	22.17%	19.75%	8.69%	4.29%	2.13%
S-Network Emerging Sector Dividend Dogs Index - NTR	-3.18%	-1.33%	3.45%	32.27%	20.75%	9.51%	5.01%	2.98%
Morningstar Emerging Markets Index - NTR	-2.17%	-1.66%	3.50%	34.35%	13.10%	0.56%	2.02%	3.15%

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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: 3/27/2014

Total Operating Expenses: **0.60%**

Top 10 Holdings

Bumrungrad Hospital PCL	2.62%
Dr Reddy's Laboratories Ltd	2.57%
TOTVS SA	2.49%
Infosys Ltd	2.46%
Bangkok Dusit Medical Services PCL	2.45%
Wipro Ltd	2.39%
Richter Gedeon Nyrt	2.38%
African Rainbow Minerals Ltd	2.26%
Empresas CMPC SA	2.19%
Manila Electric Co	2.16%

Source: Bloomberg L.P., as of 9/30/2023, 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. This material must be preceded or accompanied by the prospectus. 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 Fund is subject to the additional risks associated with concentrating its investments in companies in the market sector.

Diversification does not eliminate the risk of experiencing investment losses.

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.

30-Day SEC Yield: reflects the dividends and interest earned during the period, after the deduction of the Fund's expenses.

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

Dividend Yield: a financial ratio that shows how much a company pays out in dividends each year relative to its share price.

Dogs of the Dow Theory: an investment strategy which proposes that an investor annually select for investment the ten Dow Jones Industrial Average stocks whose dividend is the highest fraction of their price.

Price/Book (P/B) Ratio: the weighted average of the price/book ratios of all the stocks in a portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value.

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.

Trailing Twelve Month Yield: refers to the percentage of income a portfolio has returned to investors over the last 12 months.

Morningstar Emerging Markets Index: captures the performance of the stocks located in the 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.

S-Network Emerging Sector Dividend Dogs Index (EDOGX): a rules-based index intended to give investors a means of tracking the overall performance of the highest dividend paying stocks in the S-Network Emerging Markets Liquid 500 Index, a universe of mainly large capitalization stocks domiciled in emerging markets on a sector-by-sector basis. Emerging market countries are countries that major international financial institutions, such as the World Bank, generally consider to be less economically mature than developed nations.

One may not invest directly in an index.

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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