

ALPS | O'Shares U.S. Quality Dividend ETF

Quarterly Insights | Q4 2023

Key Takeaways

- In Q4 of 2023, The ALPS | O'Shares U.S. Quality Dividend ETF (OUSA) returned 10.31% as markets rallied on hopes of Federal Reserve (Fed) rate cuts in 2024.
- OUSA's Information Technology sector provided the best sector performance during the fourth quarter of 2023.
- OUSA exhibits a month-end price-to-earnings ratio (P/E ratio) of 20.89x, which is slightly higher than the Russell 1000 Value Index P/E of 16.75x due to its higher quality holdings that tend to be more expensive during periods of uncertainty.

Performance Notes

- The ALPS | O'Shares U.S. Quality Dividend ETF (OUSA) returned 10.31% last quarter, slightly outperforming the Russell 1000 Value Index (RLV), which returned 9.50%. OUSA saw relative outperformance over the RLV Index due to its overweight towards the Information Technology sector and underweight to the Energy sector (note: OUSA's quality methodology excludes low-quality sectors: Energy, Materials and Real Estate).
- During the fourth quarter of 2023, U.S. equities rallied on Fed speak that signaled for potential rate cuts in 2024. Talks around potential rate cuts came on the back of lower inflation, as measured by the Consumer Price Index (CPI), which ended the latest period at a measly 3.1%, just above the metric's long-term average of 3%. Quality names continue to perform well amidst a high-interest rate backdrop that tends to result in a softening economy, as investors seek to hide out in high-quality companies that exhibit high profitability and lower volatility. OUSA's high-quality, dividend-growing names also historically fare better as economic growth prospects deteriorate, providing a positive outlook for OUSA's quality dividend strategy.

Performance Summary

	Q4 2023	YTD	1 Y	3 Y
OUSA (NAV)	10.31%	13.23%	13.23%	8.32%
O'Shares U.S. Quality Dividend Index - TR ¹	10.47%	13.83%	13.83%	8.87%
Morningstar US Large-Mid Cap Broad Value Index - TR	9.74%	14.34%	14.34%	10.41%
Russell 1000 Value Index - TR	9.50%	11.46%	11.46%	8.86%

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.

Performance data prior to 6/21/2022 reflects the performance of the Fund as managed under the OSI ETF Trust.

For standardized performance please see page 2.

¹ The O'Shares U.S. Quality Dividend Index performance information reflects the blended performance of the FTSE USA Qual/Vol/Yield Factor 5% Capped Index through 5/31/2020 and the O'Shares U.S. Quality Dividend Index thereafter.

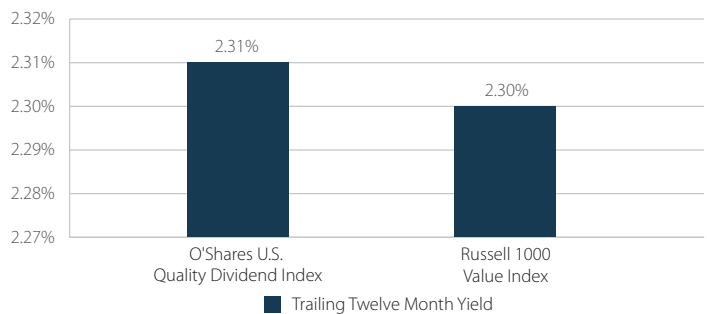
Why OUSA?

- **Quality Dividend Growth Stocks:** Seeks companies with strong balance sheets, profitability and dividend quality.
- **Performance:** Aims to provide strong performance with less risk than a market-cap weighted approach.
- **Reduced Risk of Yield Traps:** Emphasis on dividend quality to help avoid dividend cuts and suspensions.

Dividend Yields of Broad Market Indexes

- As of December 31, 2023, OUSA's underlying index carries a trailing twelve month (TTM) dividend yield of 2.31% compared to the Russell 1000 Value Index TTM yield of 2.30%.

Trailing Twelve Month Dividend Yield



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

Past performance is no guarantee of future results.

ALPS | O'Shares U.S. Quality Dividend ETF

Contribution to Return

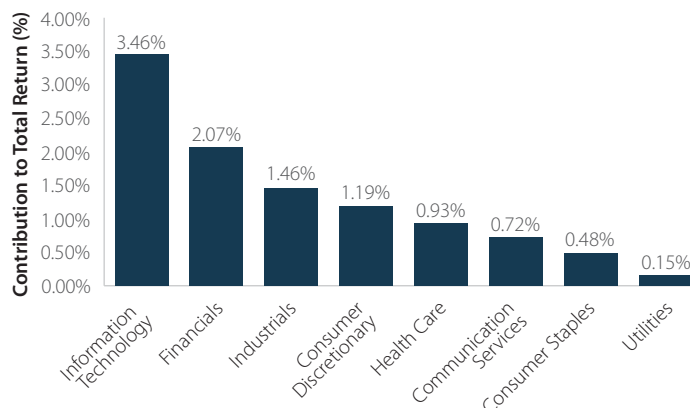
- All of OUSA's sector allocations performed well during the fourth quarter of 2023, with every sector adding to fund returns. The Information Technology (3.46%), Financials (2.07%) and Industrials (1.46%) led overall sector contribution returns for the fund, while the Utilities (0.15%) sector contributed the least in terms of performance. Semiconductor chip maker, Broadcom Inc. (**AVGO, 3.41% weight***), was OUSA's top performer within the Information Technology sector last quarter, gaining 35.01% following the company's acquisition of VMWare (VMW, not in OUSA) and Artificial Intelligence (AI) tailwinds that analysts say will provide ample growth prospects going forward. Another OUSA Information Technology name, Qualcomm Inc. (**QCOM, 1.09% weight***), also surged over 30% in Q4 after the chipmaker posted strong earnings and even better guidance due to strong sales within the Chinese Android smartphone and automotive chip markets.
- Within OUSA's Financials sector, asset manager, BlackRock Inc. (**BLK, 0.94% weight***), rose over 36% in Q4 following broad-based gains for asset management firms after the Federal Reserve signaled the end of its quantitative tightening campaign that propelled markets higher. Credit rating agency, Moody's Corp. (**MCO, 0.58% weight***), gained nearly 24% last quarter within OUSA's Financials sector after posting better-than-feared earnings and revenues, with analysts citing the accelerating growth in its securities ratings revenue.
- Lastly, business uniform producer, Cintas Corp. (**CTAS, 0.34% weight***), rallied 25.60% last quarter within OUSA's Industrials allocation after the company reached a record high after reporting better-than-expected results and boosted guidance. The results and guidance raise came on the back of higher-than-expected growth within the uniform rental and facility services segments, as well as strong operating execution during the period.

Valuation Update

- The O'Shares U.S. Quality Dividend Index's (OUSAX) current P/E ratio of 20.89x is slightly higher compared to the Russell 1000 Value Index's current P/E ratio of 16.75x due to its mix of higher quality holdings with a focus on profitability, lower volatility and dividend growth.

* Weight in OUSA as of 12/31/2023

Contribution to Return by Segment



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

Past performance is no guarantee of future results.

Price Multiples

	O'Shares U.S. Quality Dividend Index ¹		Russell 1000 Value Index	
	Current	3 Year Avg	Current	3 Year Avg
Price/Earnings Ratio	20.89x	21.62x	16.75x	17.60x
Price/Book Ratio	5.64x	5.96x	2.46x	2.50x
Price/Cash Flow Ratio	15.80x	15.43x	11.73x	12.58x
Trailing Twelve Month Yield	2.12%	2.31%	2.30%	2.18%
OUSA 30-Day SEC Yield	1.69%			

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

Past performance is no guarantee of future results.

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ALPS | O'Shares U.S. Quality Dividend ETF (OUSA) Performance as of 12/31/2023

Total Returns	Cumulative				Annualized			
	1 M	3 M	YTD	SI [^]	1 Y	3 Y	5 Y	SI [^]
NAV (Net Asset Value)	3.83%	10.31%	13.23%	122.91%	13.23%	8.32%	11.21%	9.93%
Market Price	3.87%	10.34%	13.25%	122.96%	13.25%	8.33%	11.22%	9.93%
O'Shares U.S. Quality Dividend Index - TR ¹	3.86%	10.47%	13.83%	132.63%	13.83%	8.87%	11.78%	10.48%
Morningstar US Large-Mid Cap Broad Value Index - TR ²	5.37%	9.74%	14.34%	127.13%	14.34%	10.41%	12.72%	10.17%
Russell 1000 Value Index - TR	5.54%	9.50%	11.46%	96.47%	11.46%	8.86%	10.91%	8.30%

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.

Performance data prior to 6/21/2022 reflects the performance of the Fund as managed under the OSI ETF Trust.

[^] Fund inception date: 7/14/2015, date reflects the commencement of investment operations.

¹ The O'Shares U.S. Quality Dividend Index performance information reflects the blended performance of the FTSE USA Qual/Vol/Yield Factor 5% Capped Index through 5/31/2020 and the O'Shares U.S. Quality Dividend Index thereafter.

² Effective 3/31/2023, the Morningstar US Large-Mid Cap Broad Value Index replaced the Russell 1000 Value Index as the Fund's secondary benchmark.

Total Operating Expenses: **0.48%**

Top 10 Holdings

Microsoft Corp	5.39%	Visa Inc	3.95%
Apple Inc	5.13%	Broadcom Inc	3.41%
Comcast Corp	4.39%	Home Depot Inc/The	3.39%
Verizon Communications Inc	4.20%	Mastercard Inc	3.25%
JPMorgan Chase & Co	4.02%	UnitedHealth Group Inc	2.77%

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

Daily holdings are available at www.alpsfunds.com.

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.

Concentration in a particular industry or sector will subject the Fund to loss due to adverse occurrences that may affect that industry or sector. The Fund may use derivatives which may involve risks different from, or greater than, those associated with more traditional investments. A Fund's emphasis on dividend-paying stocks involves the risk that such stocks may fall out of favor with investors and underperform the market. Also, a company may reduce or eliminate its dividend after the Fund's purchase of such a company's securities.

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.

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.

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

FTSE USA Qual/Vol/Yield Factor 5% Capped Index: designed to measure the performance of publicly-listed large-capitalization and mid-capitalization dividend-paying issuers in the United States that meet certain requirements for market capitalization, liquidity, high quality, low volatility and dividend yield.

Morningstar US Large-Mid Cap Broad Value Index: designed to provide comprehensive, consistent representation of the large-mid cap value segment of the US equity market.

O'Shares U.S. Quality Dividend Index: designed to measure the performance of publicly-listed large-capitalization and mid-capitalization dividend-paying issuers in the United States that meet certain market capitalization, liquidity, high quality, low volatility and dividend yield thresholds. The high quality and low volatility requirements are designed to reduce exposure to high dividend equities that have experienced large price declines.

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.

Price/Funds from Operations (P/FFO) Ratio: a valuation ratio of a company's current share price compared to its per-share funds from operations.

Russell 1000 Value Index: measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

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

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. and ALPS Portfolio Solutions Distributor, Inc., affiliated entities, are unaffiliated with O'Shares Investments.

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

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