

ALPS Sector Dividend Dogs ETF

VALUE, INCOME, DIVERSIFICATION

Quarterly Insights | Q3 2023

Key Takeaways

- In Q3 of 2023, The ALPS Sector Dividend Dogs ETF (SDOG) returned -4.69%, slightly underperforming the broader equities market as value stocks continue to struggle despite a favorable economic backdrop for cyclical value names.
- SDOG's Energy sector had the best contribution to return in Q3 '23 as crude oil moved higher, benefitting Energy names.
- SDOG's deep value holdings exhibited a price-to-earnings (P/E) ratio of 12.73x as of September-end, which remains at a sizeable discount to the S&P 500's P/E of 21.28x.

Performance Notes

- The ALPS Sector Dividend Dogs ETF (SDOG) returned -4.69% last quarter, performing in line with the S&P Pure Value Index which returned -4.46% for the same period. SDOG's underweight to consumer discretionary names as well as superior stock selection within the Industrials sector led its relative sector returns during the quarter.
- Despite the rally in mega-cap tech and growth stocks year-to-date (YTD), both segments retreated during the third quarter as inflation pressures and higher interest rates slashed hopes for rate cuts in early 2024. With the "Magnificent Seven" mega-cap stocks losing steam in Q3, a favorable backdrop is starting to unfold for SDOG's overweight towards cyclical value sectors that look to benefit from sticky inflation and rising energy prices. Value sectors historically fare better amidst a higher interest rate backdrop, and with the valuation dispersion between value and growth still elevated, SDOG's deep value and high dividend portfolio may present investors with a robust pairing to the growth-heavy S&P 500.

Performance Summary

	Q3 2023	YTD	1 Y	3 Y
SDOG (NAV)	-4.69%	-5.45%	8.81%	11.86%
S-Network Sector Dividend Dogs Index - TR	-4.74%	-5.31%	9.10%	12.27%
S&P 500 Pure Value Index - TR	-4.46%	-3.71%	8.40%	17.41%
S&P 500 Pure Growth Index - TR	-0.92%	0.70%	6.01%	3.09%
S&P 500 Index - TR	-3.27%	13.07%	21.62%	10.15%

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 2.

Strategy

- SDOG is an Exchange-Traded Fund that applies the 'Dogs of the Dow Theory' on a sector-by-sector basis using the S-Network US Equity WR Large-Cap 500 Index (SNR 500) as its starting universe of eligible securities.
- The strategy provides high dividend exposure across multiple sectors of the market by selecting the five highest yielding securities in 10 of the 11 GICS sector (Real Estate sector excluded).
- Equally weighting at the stock and sector level may provide diversification while avoiding sector biases.

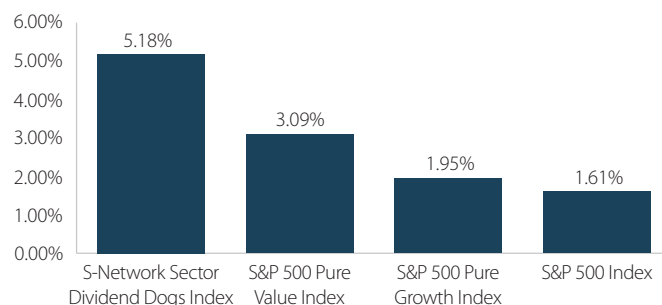


Dividend Yields of Broad Market Indexes

- As of September 30, 2023, SDOG's underlying index carries a higher trailing twelve month dividend yield relative to major domestic market-focused indexes due to a relative overweight to higher-yielding sectors including Utilities, Energy and Materials.
- SDOG has a 7.43% overweight* to Utilities, 7.69% overweight* to Materials and 4.72% overweight* to Energy, relative to the S&P 500 Index.

* Weight in SDOG 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.

ALPS Sector Dividend Dogs ETF

Contribution to Return

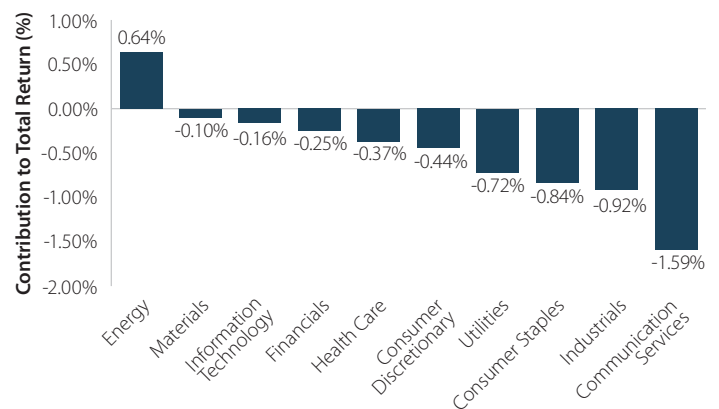
- SDOG's leading contributors to performance by sector in Q3 '23 were cyclical sectors, with Energy (+0.64%) and Materials (-0.10%) as the two best-performing sectors. Communication Services (-1.59%), Industrials (-0.92%) and Consumer Staples (-0.84%) were the largest detractors in terms of contribution to return by sector in Q3. SDOG's Energy names rallied in Q3, led by Phillips 66 (PSX, 2.04% weight*), which gained over 27% following broad-based gains for refiners during the quarter on the back of higher commodity prices. Phillips 66 also benefitted from price target upgrades during the quarter as the leader among refiners thanks to its efficiency and strength, analysts said. Energy infrastructure company, The Williams Companies (WMB, 2.07% weight*), also rallied 4.61% last quarter after the company's CEO announced they were on track to complete two natural gas pipeline projects by the end of 2024.
- SDOG Materials name, International Paper Company (IP, 2.13% weight*), jumped nearly 13% in Q3, rallying after the paper producer and distributor reported a surprise earnings beat thanks to their cost-cutting efforts, despite providing lower guidance. Pharmaceutical company AbbVie (ABBV, 2.08% weight*) also gained post earnings, returning 11.86% during Q3, after reporting earnings per share and net income above analysts' estimates for Q2 while raising Q3 guidance due to strength across its core business products. The last SDOG beneficiary of strong earnings results was Intel Corp. (INTC, 1.94% weight*), gaining 6.69% and adding to SDOG's Information Technology allocation after delivering a surprise profit beat thanks to a recovery in PC component demand.

Valuation Update

- SDOG's underlying index continues to exhibit depressed valuations when compared to its historical averages.
- The S-Network Sector Dividend Dogs Index's (SDOGX) current P/E multiple of 12.73x sits at a notable discount to the S&P 500's current P/E multiple of 21.28x. Additionally, the trailing twelve month dividend yield for SDOGXTR is over than 3x that of the S&P 500 Index.

* Weight in SDOG as of 9/30/2023

Contribution to Return by Sector



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

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Price Multiples

	SDOGX Index		S&P 500 Index	
	Current	3 Year Avg	Current	3 Year Avg
Price/Earnings Ratio	12.73x	16.01x	21.28x	23.45x
Price/Book Ratio	1.79x	2.20x	4.08x	4.26x
Price/Cash Flow Ratio	9.57x	8.42x	15.05	16.20x
Trailing Twelve Month Yield	5.18%	4.55%	1.61%	1.53%
SDOG 30-Day SEC Yield	4.71%			

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

Past performance is no guarantee of future results.

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

Total Returns	Cumulative				Annualized				
	1 M	3 M	YTD	SI ¹	1 Y	3 Y	5 Y	10 Y	SI ¹
NAV (Net Asset Value)	-5.51%	-4.69%	-5.45%	187.69%	8.81%	11.86%	4.59%	7.88%	9.84%
Market Price	-5.47%	-4.67%	-5.47%	187.69%	8.77%	11.87%	4.59%	7.86%	9.84%
S-Network Sector Dividend Dogs Index - TR	-5.51%	-4.74%	-5.31%	201.87%	9.10%	12.27%	4.98%	8.34%	10.31%
S&P 500 Index - TR	-4.77%	-3.27%	13.07%	291.18%	21.62%	10.15%	9.92%	11.91%	12.88%

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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: 6/29/2012

Total Operating Expenses: **0.36%**

ALPS Sector Dividend Dogs ETF

Top 10 Holdings

AT&T Inc	2.17%	Seagate Technology Holdings PLC	2.10%
International Paper Co	2.13%	Fastenal Co	2.08%
Kraft Heinz Co/The	2.12%	AbbVie Inc	2.08%
Citigroup Inc	2.11%	Prudential Financial Inc	2.07%
Walgreens Boots Alliance Inc	2.10%	Williams Cos Inc/The	2.07%

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

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 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.

S&P 500 Index: widely regarded as the best single gauge of large-cap US equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

S&P 500 Pure Growth Index: a style-concentrated index designed to track the performance of stocks that exhibit the strongest growth characteristics by using a style-attractiveness-weighting scheme.

S&P 500 Pure Value Index: a style-concentrated index designed to track the performance of stocks that exhibit the strongest value characteristics by using a style-attractiveness-weighting scheme.

S-Network Sector Dividend Dogs Index (SDOGX): 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 US Equity WR Large-Cap 500 Index (SNR 500) on a sector-by-sector basis.

S-Network US Equity WR Large-Cap 500 Index: includes the 500 largest US stocks by market capitalization.

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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