

# ALPS Sector Dividend Dogs ETF

VALUE, INCOME, DIVERSIFICATION

Quarterly Insights | Q1 2025

### Key Takeaways

- In Q1 of 2025, The ALPS Sector Dividend Dogs ETF (SDOG) returned 3.74%, significantly outperforming the broader equities market as value stocks outpaced growth. This reversal was led by Trump tariff news, which caused a shift in market leadership, notably among the Magnificent 7.
- SDOG's Communication Services sector had the best contribution to overall fund returns in Q1'25 as telecom providers posted better-than-expected quarterly results.
- SDOG's deep value holdings exhibit a price-to-earnings (P/E) ratio of 17.68x as of quarter-end, which remains at a sizeable discount to the S&P 500's P/E of 24.80x.

### Performance Notes

- The ALPS Sector Dividend Dogs ETF (SDOG) returned 3.74% last quarter, outperforming the S&P 500 Index, which returned -7.18% for the same period due to SDOG's exposure to higher-yielding, deep-value names. Market leadership reversed during the quarter, with value names significantly outpacing growth on the back of Trump tariff news, with Trump stating worldwide tariffs will go live on April 2nd. Value and SDOG's cheaper cyclical value exposure with companies that exhibit lower valuation multiples, high dividend yields and strong pricing power may continue to be better suited for the current elevated interest rate environment, specifically with Tariffs on the horizon that will likely result in higher prices.
- In the first quarter of 2025, US equities stumbled after a strong 2024 as volatility returned to the market. Mega-cap tech names saw steep declines on the back of worldwide tariffs that launched soon after the quarter ended. While the full impact of tariffs is yet to be seen, the Federal Reserve (Fed) revised growth numbers down while also increasing inflation forecasts in March. If global tariffs push the US economy towards a recession, value stocks may continue to see market favor over growth names through the end of the year. Value sectors historically fare better amidst a higher-for-longer 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

	Q1 2025	YTD	1 Y	3 Y
SDOG (NAV)	3.74%	3.74%	11.89%	6.08%
S-Network Sector Dividend Dogs Index - TR	3.84%	3.84%	12.36%	6.41%
S&P 500 Pure Value Index - TR	3.14%	3.14%	7.10%	17.22%
S&P 500 Pure Growth Index - TR	-7.18%	-7.18%	4.81%	7.97%
S&P 500 Index - TR	-4.27%	-4.27%	8.25%	9.06%

As of 3/31/2025

**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](http://www.alpsfunds.com). Performance includes reinvested distributions and capital gains.**

For standardized performance please see page 3.

### 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.

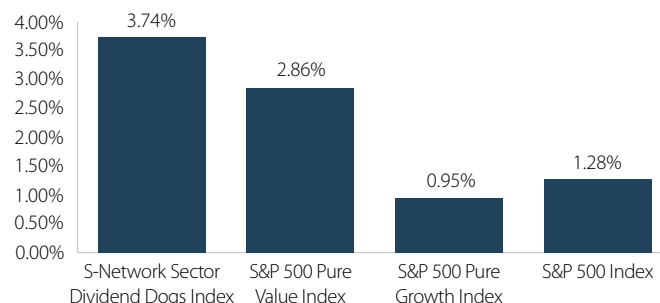


## ALPS Sector Dividend Dogs ETF

### Dividend Yields of Broad Market Indexes

- As of March 31, 2025, 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 7.55% overweight\* to Utilities, 7.78% overweight\* to Materials and 6.74% overweight\* to Energy, relative to the S&P 500 Index.

### Trailing Twelve Month Dividend Yield



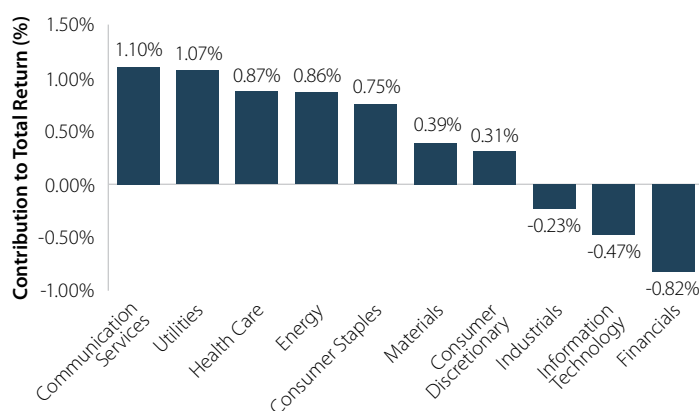
Source: Bloomberg L.P., as of 3/31/2025

**Past performance is no guarantee of future results.**

### Contribution to Return

- SDOG's leading contributors to performance by sector in Q1'25 were Communication Services (+1.10%), Utilities (+1.07%) and Health Care (+0.87%), while Financials (-0.82%) and Information Technology (-0.47%) detracted from overall fund performance. SDOG Communication Services name and telecom company, AT&T, Inc. (**T, 2.10% weight\***), gained over 25% last quarter after beating quarterly expectations and affirming guidance thanks to growing postpaid phone plans and fiber connections, its best results in over two years. T-Mobile US, Inc. (**TMUS, 2.06% weight\***) also posted strong quarterly results, gaining 21.23% in Q1 where better service revenue boosted earnings on the back of strong equipment sales.
- SDOG Utilities name, Exelon Corp (**EXC, 2.06% weight\***), an electricity and gas distributor gained over 23% in Q1 and was a beneficiary of the Trump trade that boosted the Utilities sector on potentially higher demand for natural gas and electricity as the president attempts to reshore jobs and infrastructure. SDOG Health Care name and retail pharmacy, CVS Health Corp (**CVS, 2.04% weight\***) rocketed over 52% last quarter after posting better-than-feared quarterly results that saw adjusted profits above expectations, with analysts citing the results as "a step in the right direction" after a difficult 2024. CVS's strong results were attributed to growth in key segments, including its Pharmacy and Consumer Wellness segments.
- Rounding out SDOG's top performers last quarter, Consumer Staples name, Philip Morris International Inc. (**PM, 2.06% weight\***), returned over 33% in Q1 after the tobacco company saw strong growth in its smoke-free product thanks to its newest product "ZYNs" which have been swept up by the US consumer. Philip Morris expects demand to remain strong in 2025 and forecasts Zyn shipments to reach the highest end of its guidance.

### Contribution to Return by Sector



Source: Bloomberg L.P., as of 3/31/2025

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### Price Multiples

	SDOGX Index		S&P 500 Index	
	Current	3 Year Avg	Current	3 Year Avg
Price/Earnings Ratio	17.68x	15.16x	24.80x	22.96x
Price/Book Ratio	2.16x	2.11x	4.82x	4.46x
Price/Cash Flow Ratio	9.25x	8.71x	19.10x	16.54x
Trailing Twelve Month Yield	3.74%	3.99%	1.36%	1.50%
SDOG 30-Day SEC Yield	3.87%			

Source: Bloomberg L.P., as of 3/31/2025

**Past performance is no guarantee of future results.**

### Valuation Update

- SDOG's underlying index continues to exhibit attractive valuations relative to broad US market indices.
- The S-Network Sector Dividend Dogs Index's (SDOGX) current P/E multiple of 17.68x sits at a notable discount to the S&P 500's current P/E multiple of 24.80x. Additionally, the trailing twelve month dividend yield for SDOGX is over 3x that of the S&P 500 Index.

\* Weight in SDOG as of 3/31/2025

## ALPS Sector Dividend Dogs ETF (SDOG) Performance as of 3/31/2025

Total Returns	Cumulative				Annualized				
	1 M	3 M	YTD	SI <sup>1</sup>	1 Y	3 Y	5 Y	10 Y	SI <sup>1</sup>
NAV (Net Asset Value)	-1.29%	3.74%	3.74%	277.20%	11.89%	6.08%	17.77%	8.65%	10.97%
Market Price	-1.27%	3.72%	3.72%	277.26%	11.93%	6.05%	17.76%	8.65%	10.97%
S-Network Sector Dividend Dogs Index - TR	-1.26%	3.84%	3.84%	298.25%	12.36%	6.41%	18.21%	9.10%	11.44%
S&P 500 Index - TR	-5.63%	-4.27%	-4.27%	422.90%	8.25%	9.06%	18.59%	12.50%	13.85%

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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.

<sup>1</sup> Fund inception date: 6/29/2012

Total Operating Expenses: **0.36%**

## Top 10 Holdings

Darden Restaurants Inc	2.20%	Southwest Airlines Co	2.09%
Chevron Corp	2.10%	Kinder Morgan Inc	2.08%
AT&T Inc	2.10%	Philip Morris International Inc	2.06%
Exxon Mobil Corp	2.10%	Newmont Corp	2.06%
Paychex Inc	2.09%	Exelon Corp	2.06%

Source: Bloomberg L.P., as of 3/31/2025, subject to change

Daily holdings are available at [www.alpsfunds.com](http://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., 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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