SDOG

ALPS Sector Dividend Dogs ETF
VALUE, INCOME, DIVERSIFICATION

Quarterly Insights | Q4 2023

Key Takeaways

- In Q4 of 2023, The ALPS Sector Dividend Dogs ETF (SDOG) rallied 10.06%, slightly underperforming the broader equities market as value stocks continue to struggle despite a favorable economic backdrop for cyclical value names.
- SDOG's Information Technology sector had the best contribution to overall fund returns in Q4 '23 as Tech names led market performance.
- SDOG's deep value holdings exhibited a price-to-earnings (P/E) ratio of 15.05x as of December-end, which remains at a sizeable discount to the S&P 500's P/E of 23.45x.

Performance Notes

- The ALPS Sector Dividend Dogs ETF (SDOG) gained 10.06% last quarter, lagging the S&P Pure Value Index which returned 12.28% for the same period due to SDOG's relative underweight to Financials and Consumer Discretionary names. Despite the recent rally in mega-cap tech stocks driving the growth trade in 2023, value may continue to be better suited for the current elevated interest rate environment as growth names remain expensive relative to their peers.

- In the fourth quarter of 2023, US equities were buoyed by strong performance from the Information Technology sector. With the "Magnificent Seven" contributing over 75% of gains in the S&P for 2023, overall market breadth remains a concern, which may lead to a favorable backdrop for cheaper names and SDOG's overweight toward cyclical value sectors that look to benefit from sticky inflation and wavering economic growth. 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

	Q4 2023	YTD	1 Y	3 Y
SDOG (NAV)	10.06%	4.06%	4.06%	8.94%
S-Network Sector Dividend Dogs Index - TR	10.17%	4.31%	4.31%	9.31%
S&P 500 Pure Value Index - TR	12.28%	8.12%	8.12%	13.03%
S&P 500 Pure Growth Index - TR	7.46%	8.22%	8.22%	0.72%
S&P 500 Index - TR	11.69%	26.29%	26.29%	10.00%

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 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.
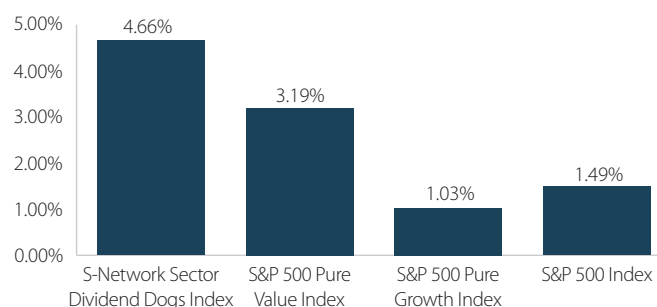
Dividend Yields of Broad Market Indexes

- As of December 31, 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 7.54% overweight* to Utilities, 7.50% overweight* to Materials and 5.84% overweight* to Energy, relative to the S&P 500 Index.

* *Weight in SDOG as of 12/31/2023*

Trailing Twelve Month Dividend Yield

S-Network Sector Dividend Dogs Index	S&P 500 Pure Value Index	S&P 500 Pure Growth Index	S&P 500 Index
4.66%	3.19%	1.03%	1.49%

Source: Bloomberg L.P., as of 12/31/2023
Past performance is no guarantee of future results.

Contribution to Return

- SDOG's leading contributors to performance by sector in Q4 '23 were Information Technology (+2.02%), Financials (+1.95%) and Communication Services (+1.84%), while Consumer Discretionary (-0.29%) and Health Care (+0.29%) were the largest detractors. Leading SDOG's Information Technology names in Q4, Seagate Technology Holdings Plc. (**STX, 2.04% weight***), gained nearly 31% following analyst expectations of a double-digit rise in hard disk drive industry sales in 2024. Also moving higher last quarter in SDOG, computer and microprocessor manufacturer, Intel Corp. (**INTC, 2.26% weight* as of December reconstitution**), rallied 30.27% last quarter after the company reported earnings per share (EPS) and revenues above analyst estimates on the back of a rebound in PC demand and inventory normalization.

- SDOG Financials name, Truist Financial Corp. (**TFC, 2.07% weight***), surged over 31% in Q4 on the back of a quarterly earnings beat that highlighted above-consensus net interest income for the lender as well as the potential for a full spin-off of the lender's insurance business to raise capital. Similarly, Financial services company, Citigroup Inc. (**C, 2.35% weight* as of December reconstitution**), rose 22.67% last quarter following positive comments from company CEO, Mark Mason, who reaffirmed full-year revenue guidance of $78-79 billion despite a drop in trading revenue.

- Rounding out SDOG's top performers last quarter, Communication Services name, Paramount Global (**PARA, 2.33% weight* as of December reconstitution**), returned nearly 27% after reporting earnings above analyst estimates, displaying progress on direct-to-consumer streaming with lower losses for FY 2023. Paramount also received buyer interest from several private equity firms that may look to acquire portions of its business.

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 15.05x sits at a notable discount to the S&P 500's current P/E multiple of 23.45x. Additionally, the trailing twelve month dividend yield for SDOGX is over 3x than that of the S&P 500 Index.

* *Weight in SDOG as of 12/31/2023*

Contribution to Return by Sector
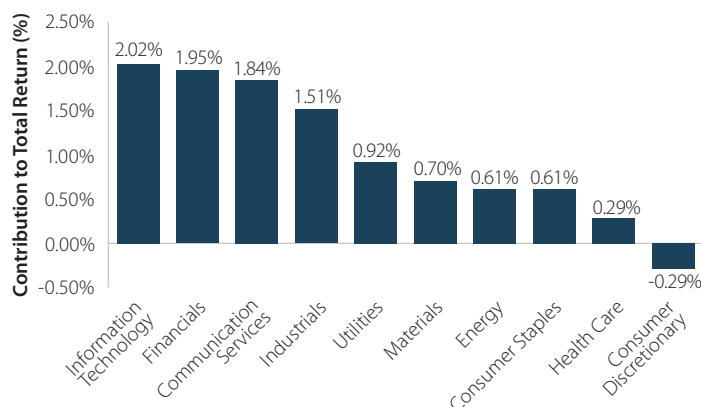
Source: Bloomberg L.P., as of 12/31/2023
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Price Multiples

	SDOGX Index		S&P 500 Index	
	Current	3 Year Avg	Current	3 Year Avg
Price/Earnings Ratio	15.05x	15.51x	23.45x	23.00x
Price/Book Ratio	1.94x	2.19x	4.48x	4.29x
Price/Cash Flow Ratio	9.73x	5.65x	16.03x	16.25x
Trailing Twelve Month Yield	4.66%	4.56x%	1.49%	1.52%
SDOG 30-Day SEC Yield	4.27%			

Source: Bloomberg L.P., as of 12/31/2023
Past performance is no guarantee of future results.

ALPS Sector Dividend Dogs ETF (SDOG) Performance as of 12/31/2023

	Cumulative				Annualized				
Total Returns	1 M	3 M	YTD	SI[1]	1 Y	3 Y	5 Y	10 Y	SI[1]
NAV (Net Asset Value)	6.26%	10.06%	4.06%	216.63%	4.06%	8.94%	9.83%	8.08%	10.54%
Market Price	6.31%	10.08%	4.06%	216.69%	4.06%	8.96%	9.88%	8.08%	10.54%
S-Network Sector Dividend Dogs Index - TR	6.36%	10.17%	4.31%	232.57%	4.31%	9.31%	10.24%	8.54%	11.01%
S&P 500 Index - TR	4.54%	11.69%	26.29%	336.92%	26.29%	10.00%	15.69%	12.03%	13.67%

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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

Walgreens Boots Alliance Inc	2.17%	Texas Instruments Inc	2.09%
Citizens Financial Group Inc	2.16%	Dow Inc	2.08%
Regions Financial Corp	2.14%	Truist Financial Corp	2.07%
Ford Motor Co	2.14%	Home Depot Inc/The	2.05%
Viatris Inc	2.12%	Huntington Bancshares Inc/OH	2.05%

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.

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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