


OUSM

ALPS | O'Shares U.S. Small-Cap Quality Dividend ETF

Investment Primer | September 30, 2023



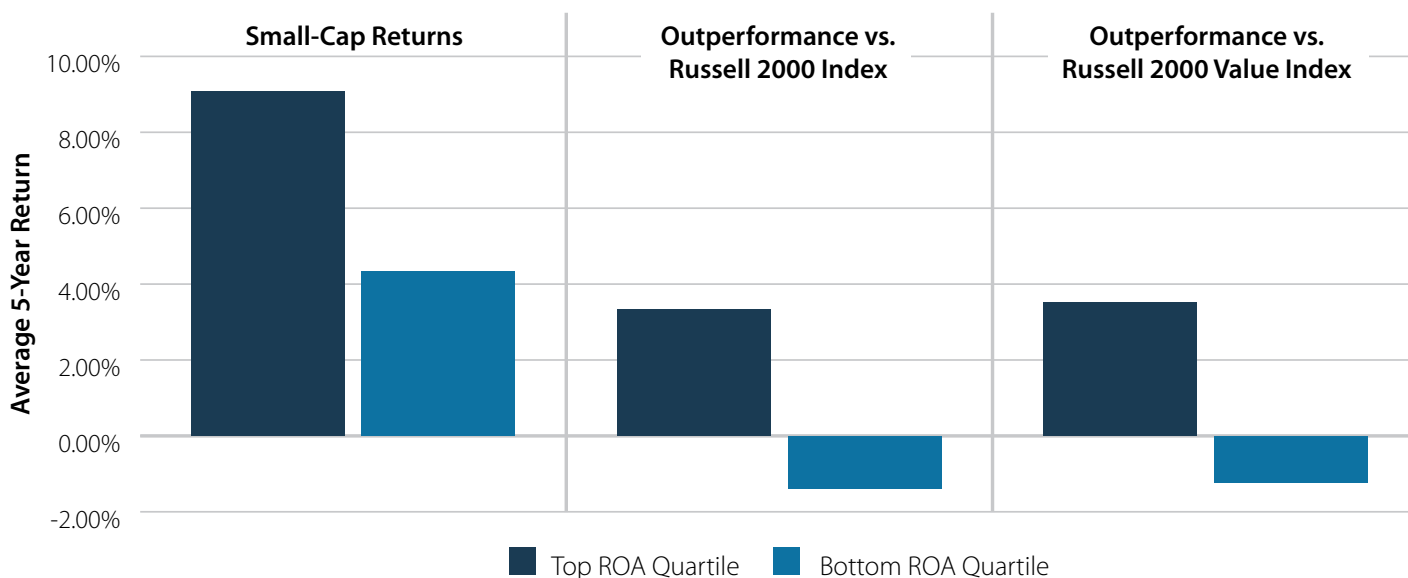
OUSM provides the potential opportunity to capture above-market returns with sustainable dividend income and less risk through its quality and highly profitable small-cap portfolio.

Why Quality Matters within Small-Cap Stocks

Quality paired with dividend growth investing offers the potential for an optimally diversified allocation with high-income streams and lower risk. One route to search for quality among small-cap stocks is analyzing a company's return on assets (ROA), which signals stronger profitability in relation to total assets and tends to lead to outperformance.

Higher levels of ROA bolster the likelihood of a company maintaining steady profitability while minimizing excess equity dilution and debt. A higher ROA also lends itself to a company being in a strong financial position to grow its dividends. Historical data suggests that small-cap companies that grow their dividends over time have been shown to outperform both non-dividend-payers and small-cap companies that cut their dividends, which is a negative signal to investors.

Small-Cap Companies With High ROA Typically Outperform



Source: Bloomberg, as of 12/31/2022. Universe: Russell 2000 Index. Methodology: Index constituents screened by 5-year average ROA quartiles, rebalanced quarterly.

The Most Important Quality Characteristics Based on Historical Outperformance

Return on Assets (ROA):

Profitability and company efficiency

Dividend Quality:

Dividend growth and cash flow available to common shareholders relative to gross dividends paid

Net Debt-to-EBITDA:

The amount of leverage a company holds relative to its earnings before interest, tax, depreciation and amortization

Standard Deviation:

Lowest five-year weekly volatility

The ALPS | O'Shares U.S. Small-Cap Quality Dividend ETF (OUSM)

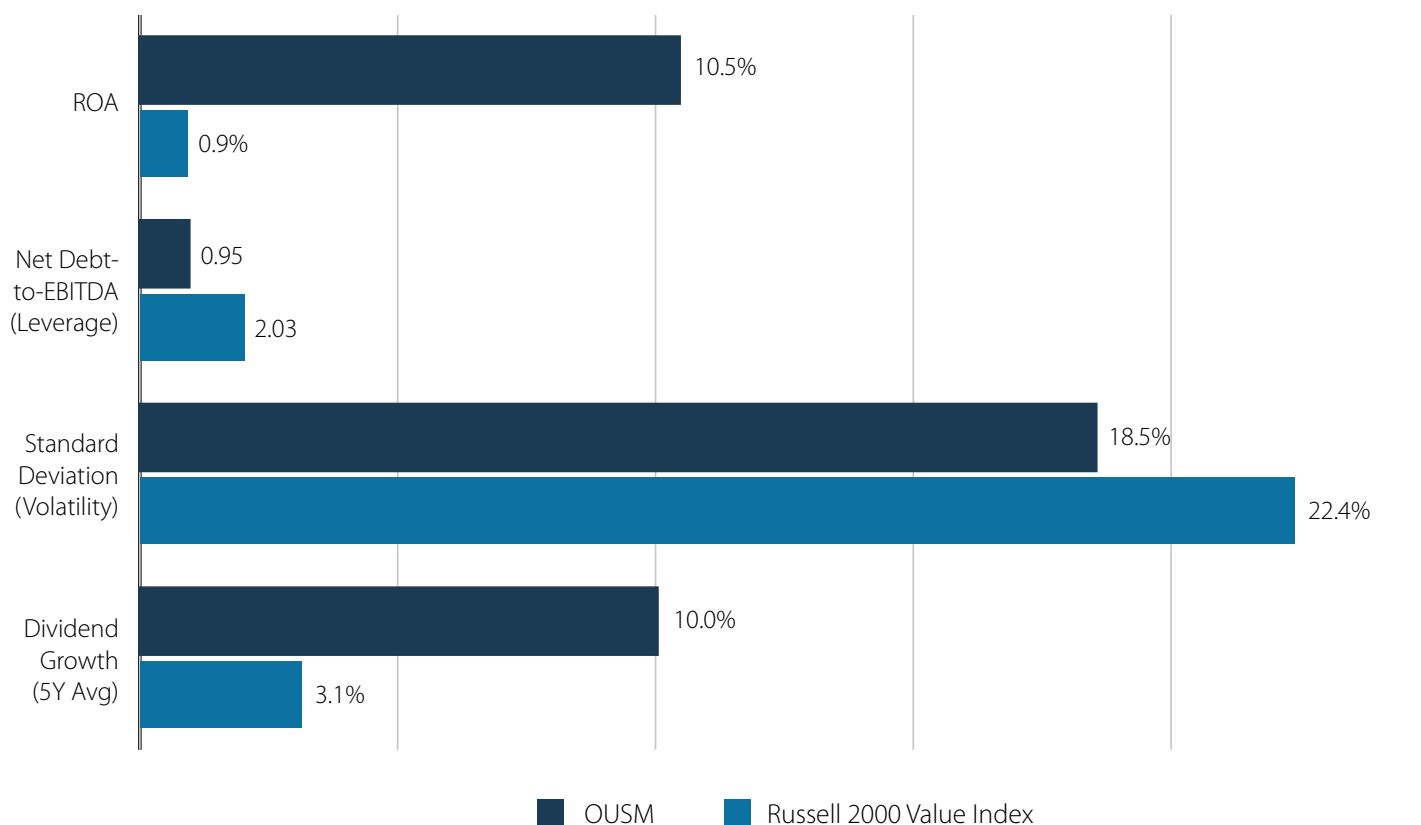
- **Quality Dividend Growth Stocks:** Seeks small-cap companies with strong balance sheets, profitability and dividend quality.
- **Performance:** Aims to provide strong performance with less risk than a market-cap-weighted approach.
- **Reduced Risk of Yield Traps:** Emphasis on dividend quality to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

Why OUSM

OUSM's selection process begins by analyzing the 501st - 3000th largest U.S. companies by market cap and screening those companies to form a diversified portfolio with the following quality characteristics:

- High profitability (ROA)
- Low leverage
- Low volatility
- Superior dividend growth

OUSM Quality Metrics



Sources: Bloomberg and Morningstar

ROA: as of 12/31/2022

Net Debt-to-EBITDA: as of 12/31/2022

Standard Deviation: annualized since fund inception (12/30/2016 - 12/31/2022)

Dividend Growth (5-Year Average): as of 12/31/2022

OUSM Selection Process

OUSM's characteristics are a construct of quality security selection.

Quality:

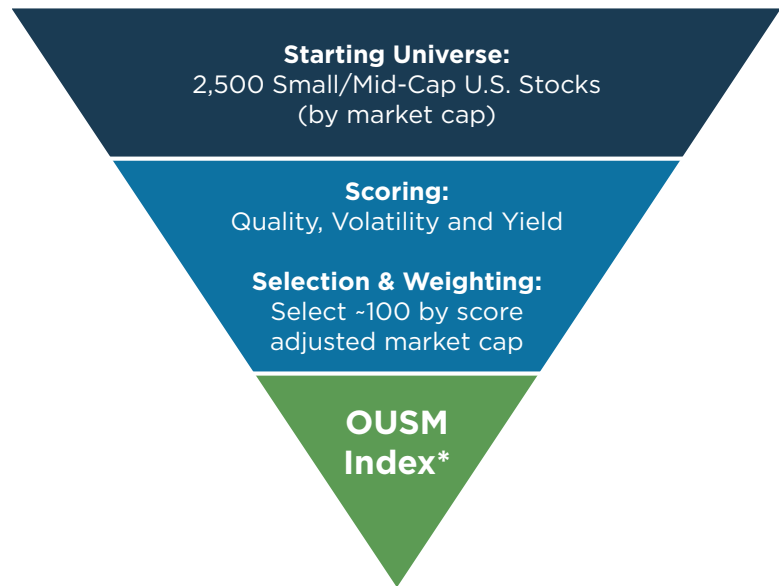
- Profitability (ROA)
- Leverage (Net Debt-to-EBITDA)
- Dividend Growth (5-Year)

Volatility:

- 5-Year Standard Deviation

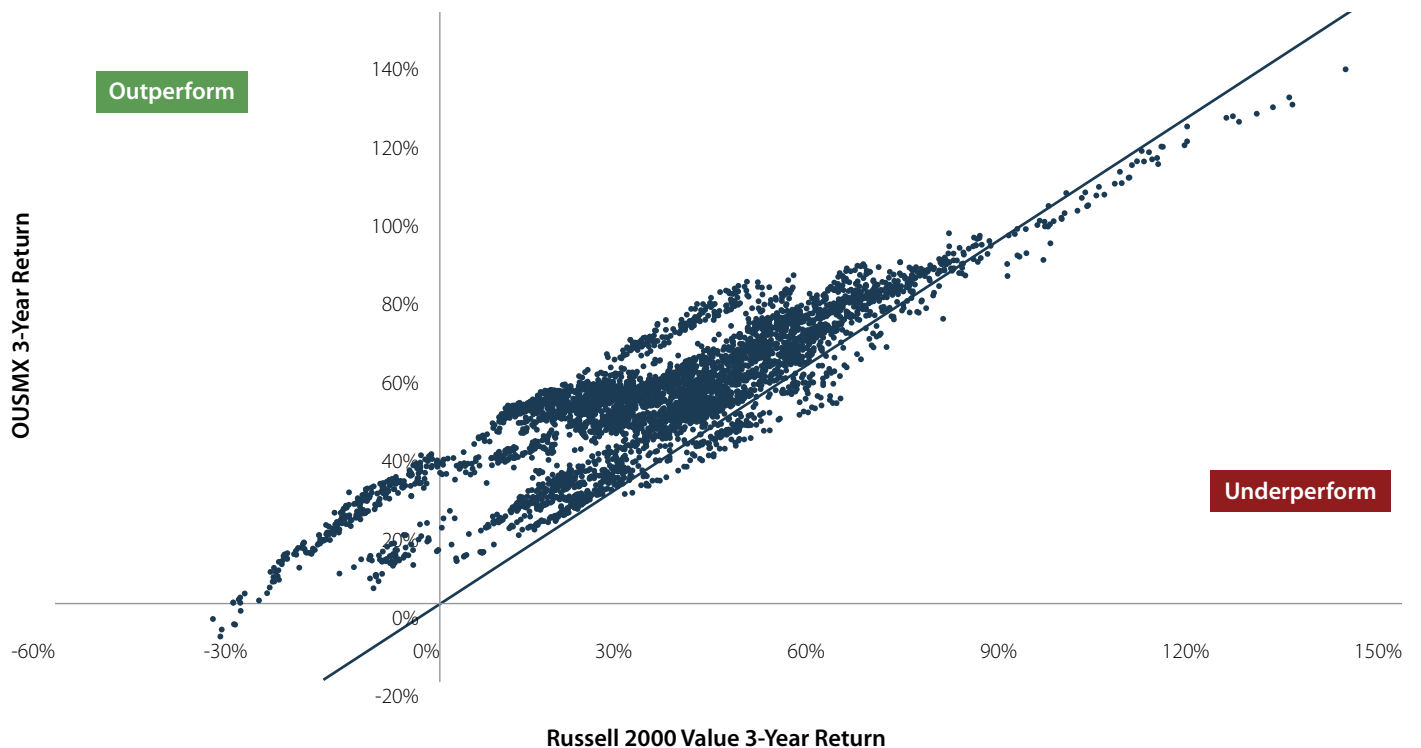
Risk Controls:

- 2% Single stock cap
- Sector weighting and count limits



OUSMX has Outperformed the Russell 2000 Value Index 97% of the Time

Rolling 3-Year Batting Average: OUSMX vs. Russell 2000 Value



Source: Bloomberg, 12/21/2007 - 9/30/2023

Past performance is no guarantee of future results.

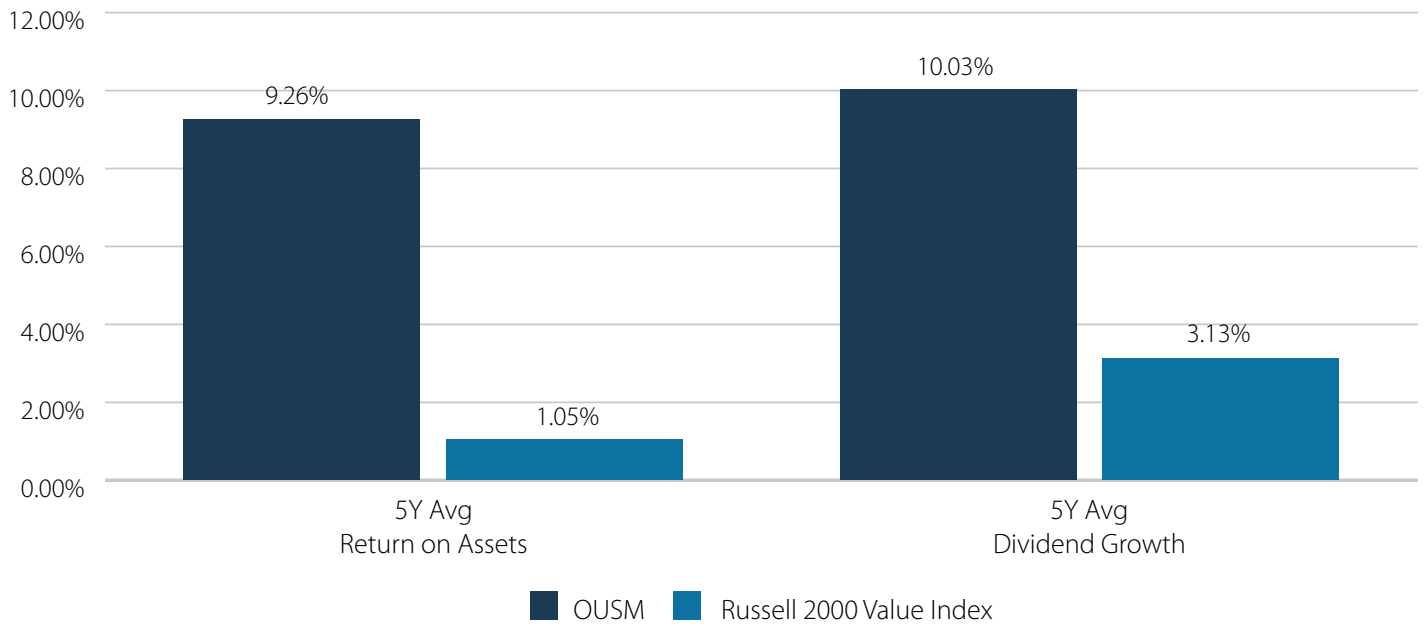
* O'Shares U.S. Small-Cap Quality Dividend Index (OUSMX).

OUSM: A Complementary or Standalone Quality Investment Holding

The ALPS | O'Shares U.S. Quality Small-Cap Dividend ETF (OUSM) is designed to be a complementary or standalone investment holding, providing cost-efficient access to a portfolio of high-quality, low volatility, dividend-growing companies across the U.S. small-cap universe.

Investors tend to pair quality and value (lower quality) factors together, in addition to growth. OUSM's superior five-year average ROA and dividend growth relative to the Russell 2000 Value Index has allowed it to outperform over the five-year period (2017 - 2022) on lower volatility, per Bloomberg. This has helped establish Quality as a distinct investment factor within small-cap portfolios to bridge the gap between Value and Growth.

**OUSM's Exemplary ROA and Dividend Growth
(Five-Year Average)**



OUSM Sector Exposure

- The index methodology incorporates sector limits that exclude Energy, Materials and Real Estate due to their inherently low-quality characteristics.
- The quality dividend screening may also lead to underweighting certain sectors that have larger risk profiles based on the historical volatility of their returns.



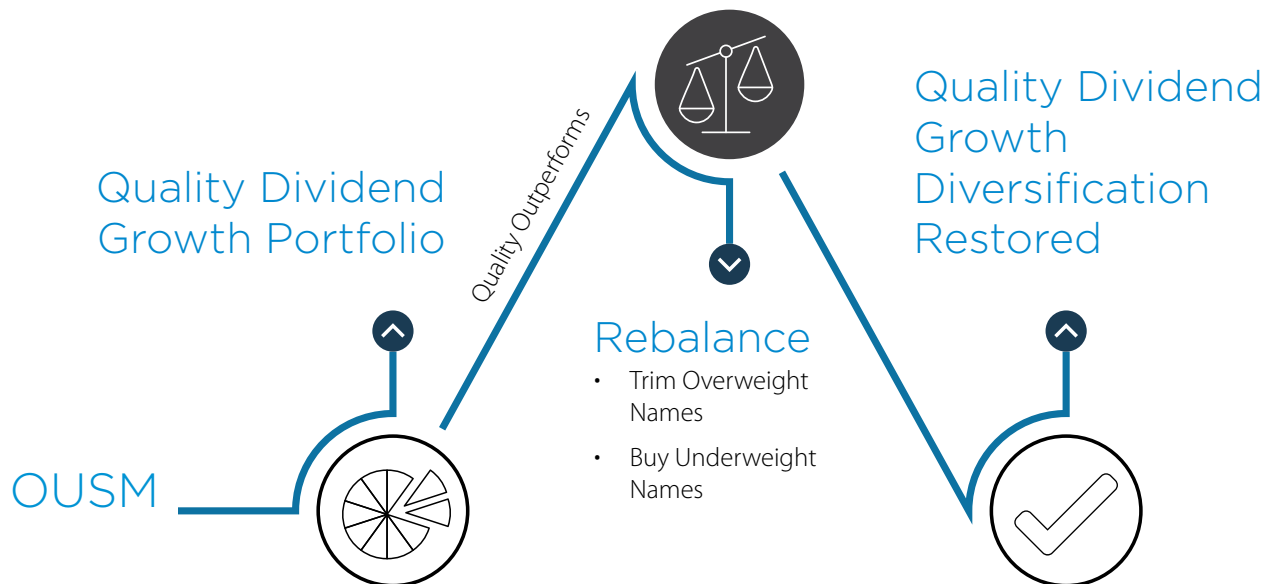
Financials	22.18%
Industrials	21.80%
Consumer Discretionary	21.19%
Health Care	11.13%
Information Technology	10.74%
Consumer Staples	5.33%
Utilities	4.30%
Communication Services	3.33%

As of 9/30/2023, subject to change

Disciplined Rebalancing Reinforces the Integrity of the Portfolio

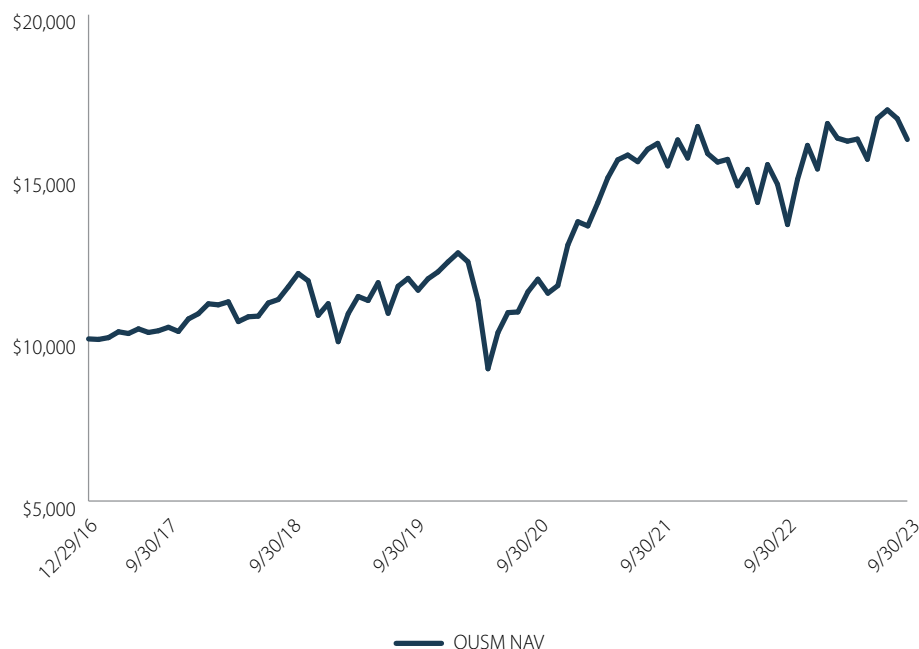
Rebalancing quarterly and reconstituting annually keeps OUSM true to its objectives, utilizing a combination of factors to reconstitute the portfolio of quality holdings that are growing their dividends.

During a quarterly rebalancing apart from a reconstitution, only the constituent weight cap of 2% is applied. Such quarterly rebalancings are only executed if at least one constituent's weight has exceeded 3%.



For illustrative purposes only. Rebalancing does not eliminate the risk of experiencing investment losses.

\$10,000 Hypothetical Investment



The chart above represents the total return historical performance of a hypothetical investment of \$10,000 in the Fund over the life of the Fund. Performance calculations are as of the end of each month. **Past performance is no guarantee of future results.** This chart does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

Fund Details

Ticker:	OUSM
Underlying Index:	OUSMX
Listing Exchange:	Cboe BZX
CUSIP:	00162Q395
Inception Date ¹ :	12/30/2016
Distributions Paid:	Monthly
Most Recent Distribution ² :	\$0.0620
30-Day SEC Yield:	1.48%
Total Operating Expenses:	0.48%
NAV:	\$35.10

¹ Date reflects the commencement of investment operations.

² Distribution paid on 9/26/2023

Investment Objective

OUSM seeks to track the performance (before fees and expenses) of the O'Shares U.S. Small-Cap Quality Dividend Index (OUSMX).

Performance as of 9/30/2023

Total Returns	Cumulative				Annualized			
	1 M	3 M	YTD	SI	1 Y	3 Y	5 Y	SI
NAV (Net Asset Value)	-3.82%	-3.87%	5.97%	61.51%	19.39%	12.28%	6.49%	7.36%
Market Price	-3.80%	-3.87%	6.00%	61.55%	19.42%	12.32%	6.50%	7.36%
O'Shares U.S. Small-Cap Quality Dividend Index - TR [^]	-3.77%	-3.76%	6.33%	66.92%	19.93%	12.81%	7.01%	7.88%
Morningstar US Small-Cap Broad Value Extended Index - TR ^{^^}	-5.26%	-3.37%	1.18%	39.12%	11.69%	16.12%	4.00%	5.01%
Russell 2000 Value Index - TR	-5.21%	-2.96%	-0.53%	30.73%	7.84%	13.32%	2.59%	4.05%

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.

[^] The O'Shares U.S. Small-Cap Quality Dividend Index performance information reflects the blended performance of the FTSE USA Small Cap Qual/Vol/Yield 3% Capped Factor Index through 5/3/2018, the FTSE USA Small Cap ex Real Estate 2Qual/Vol/Yield 3% Capped Factor Index from 5/4/2018 through 5/31/2020 and the O'Shares U.S. Small-Cap Quality Dividend Index thereafter.

^{^^} Effective 3/31/2023, the Morningstar US Small-Cap Broad Value Extended Index replaced the Russell 2000 Value Index as the Fund's secondary benchmark.

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.

There were no waivers in effect for the most recent period presented.

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 securities of small capitalization companies are often more volatile and less liquid than the stocks of larger companies and may be more affected than other types of securities during market downturns. Compared to larger companies, small capitalization companies may have a shorter history of operations, and may have limited product lines, markets or financial resources.

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.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): a measure of a company's overall financial performance.

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FTSE USA Small Cap ex Real Estate 2Qual/Vol/Yield 3% Capped Factor Index: comprised of securities within the FTSE USA Small-Cap Index, excluding Real Estate. The index is designed to reflect the performance of three recognized equity risk factors: quality, low volatility and yield.

FTSE USA Small Cap Qual/Vol/Yield 3% Capped Factor Index: designed to reflect the performance of high quality US small-cap equities exhibiting low volatility and high dividend yields. Quality is measured by profitability and leverage. Constituents are selected and weighted based on quality, volatility and yield characteristics.

Morningstar US Small-Cap Broad Value Extended Index: designed to provide comprehensive, consistent representation of the small-cap value segment of the US equity market.

Net Debt-to-EBITDA Ratio: a debt ratio that shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.

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

Return on Assets (ROA): a financial ratio that indicates how profitable an investment is in relation to its total assets.

Russell 2000 Index: measures the performance of the small-cap segment of the US equity universe.

Russell 2000 Value Index: measures the performance of the small capitalization value sector of the US equity market.

Standard Deviation: a statistical measure that indicates the extent of deviation for a group as a whole.

One may not invest directly in an index.

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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