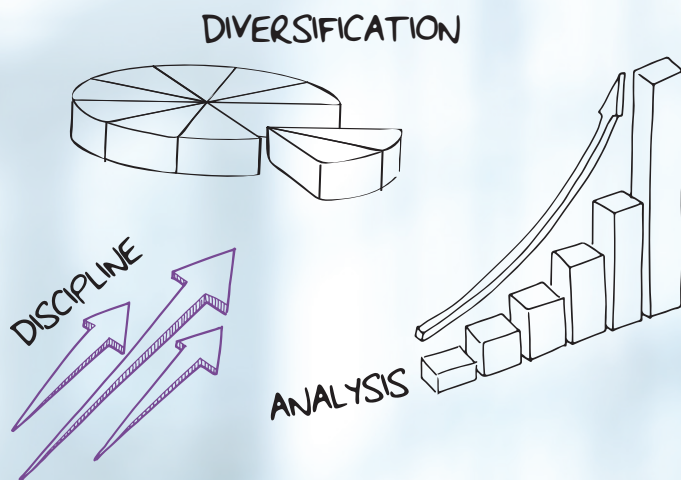


# ALPS CLEAN ENERGY ETF (ACES)



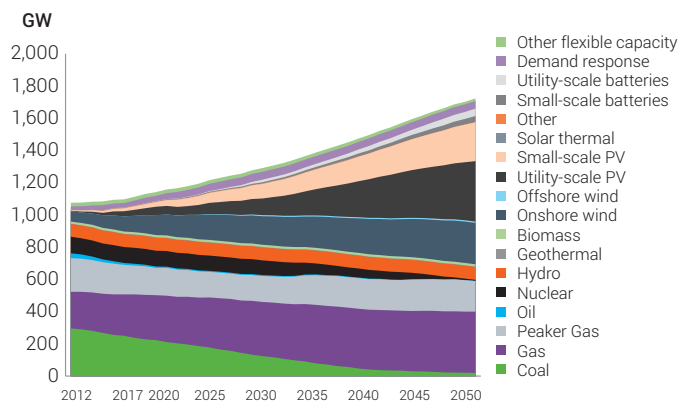
The ALPS Clean Energy ETF (ACES) tracks the CIBC Atlas Clean Energy Index designed to provide exposure to a diverse set of U.S. or Canadian based companies involved in the clean energy sector including renewables and clean technology. The clean energy sector is comprised of companies that provide the products and services which enable the evolution of a more sustainable energy sector. Clean energy business segments include but are not limited to: solar, wind, hydro, geothermal, electric vehicles, LED, biomass, smart grid, energy efficiency and storage.

## ACES INVESTMENT PRIMER

## Why Invest in Clean Energy?

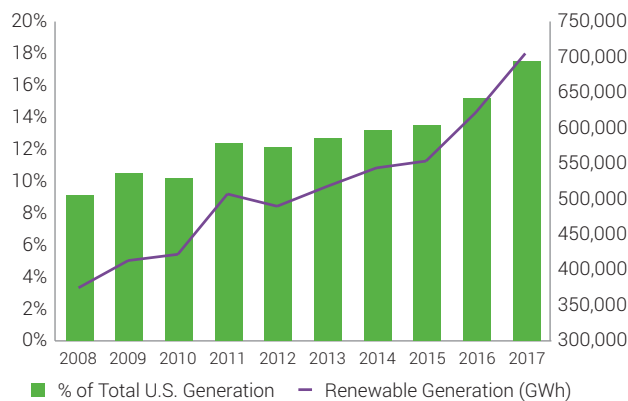
The United States is undergoing a significant long term shift in the electricity and energy sector which is changing how energy is produced and consumed. Renewable energy, primarily wind and solar, now makes up greater than 60% of the power sector capacity additions in the US. Renewables currently account for a smaller share of the total US power generation at approximately 18%, however the share of investment suggests it's clear the shift in mix is poised to accelerate. While there is significant investment opportunity in the renewable power space itself, clean energy encompasses a wide range of technologies and options – it's not simply adding renewables to the power grid.

### U.S. Cumulative Installed Power Generation Capacity (GW)



Source: Bloomberg New Energy Finance  
 Note: Estimates shown as of 6.20.18 are based on current information and could shift over time.

### U.S. Renewable Electricity Generation

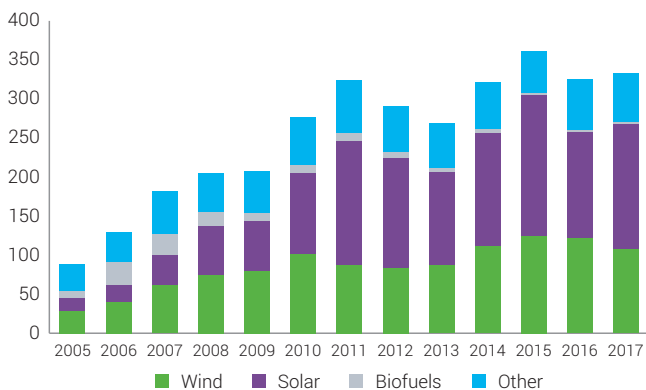


Source: U.S. Energy Information Administration (EIA) as of 12/31/17

## Why Invest in a Basket of Clean Energy Businesses?

The United States makes up 15-20% of global investment in clean energy annually, nearly \$60bn in 2017 according to Bloomberg New Energy Finance. As energy users continue to shift towards a clean future this will continue to expand further, with potential for long term double digit growth in the total investable market. Much of the dollar amount invested in the clean energy sector will show up in wind and solar investment, though there are still significant opportunities in the niche clean energy sectors as well.

### Global New Investment in Clean Energy (\$Bn)



Source: Bloomberg New Energy Finance as of 6/20/2018

To realize the full benefits of the clean energy transformation, tying together all of the advances in renewables and other clean technologies becomes even more critical as the power system infrastructure becomes more decentralized and complex. Innovations in electric vehicles (EVs), energy storage, charging networks, smart grid technologies, and digital energy are enabling the next phase of growth. Despite the tremendous progress made to date, the power transformation is really just getting started.

## ACES Clean Energy Segment Break Down



### Solar

While harnessing energy from the sun has been around for several decades, the solar photovoltaic (PV) industry has only recently taken off, and still accounts for only a small amount (0-5%) of electricity generation. While there is some power generation from solar-thermal technology (which concentrates sunlight using mirrors) the majority is still from solar panels arranged together to generate power through the PV process. Solar panels convert sunlight into electricity and the solar supply chain encompasses everything from panel production to installation, project development, and asset ownership. Once on the ground, solar panels produce no pollutants like other power plants and require very little maintenance.



### Wind

Every day the wind blows is an opportunity, and the several-hundred-foot-high wind turbines being installed by the wind industry aim to capitalize on the kinetic energy potential from changes in the weather. The wind industry is the most expansive renewable energy sector behind Hydro and continues to be one of the largest sources of new power generation worldwide (along with solar). Companies involved in wind encompass everything from the blade and tower production to full service installation, maintenance, project development, and asset ownership.



### Efficiency/LED/Smart Grid

While the trend since the start of the electricity age has been increasing usage, consumers have started to shift the trend over the last several years towards more efficiency. Light-Emitting-Diode (LED) and Smart Grid are two key ways to play this long term trend in electricity usage. LED's are the key component in most light-producing devices these days and produce the same amount at a fraction of energy use and a similar cost. Smart grid consists of monitors, controls, software and other technologies working together to respond to rapidly-changing electric-grid dynamics affected by changes in usage and production from renewable energy. Collectively, these new technologies represent an unprecedented opportunity to move the energy industry into a new era of reliability, availability, and efficiency.



### Biomass/Biofuel

Biomass and biofuel represent the opportunity of growing plants and other renewable materials to source energy. Biofuels (ethanol and biodiesel) are already being used to power cars today and support farmers while using less fossil fuels in the process. Biomass encompasses the more productive use of scrap material that might otherwise end up in landfill (municipal waste) or sustainably harvested non-food crops (wood pellets) for electric power generation.



### Hydro/Geothermal

Hydro and Geothermal are the slow and steady contributors to the renewable energy transition. Hydropower to create electricity has been around for more than a century and remains largely the same – using water flowing downhill to spin a turbine. Geothermal harnesses the power of the earth's core energy producing heat to do the same. While wind and solar technology is rapidly evolving and ramping, hydropower and geothermal are relatively mature with a slower growth profile. However, both hydro and geothermal provide unique benefits to the power system with a steadier production profile versus more intermittent renewable generation (solar and wind).



### EV/Storage

Electric vehicles (EV's) represent perhaps the most fundamental change in transportation since the horse and buggy became obsolete. While the majority of cars and trucks produced still use traditional internal combustion engines, there are more electric vehicles produced every day, and almost all major car companies have an electric offering or plans to rollout electric models in the near future. Electric vehicles are also a key catalyst for the expansion of energy storage technology like lithium batteries, although energy storage more broadly includes a host of other emerging technologies. Increasingly, storage will be used not only in transportation but also in stationary storage as a way to stabilize the electric grid and optimize renewable electricity generation like wind and solar. EV/Storage encompasses the full supply chain of EVs and storage solutions along with the infrastructure required to deliver them (charging networks).



### Fuel Cell

Fuel Cells use chemical interactions to produce energy, somewhat similar to a regular battery. While batteries store chemicals in one package, a fuel cell is often for a larger-scale purpose and stores chemical reactants separately and often uses hydrogen as a reactant. Because Hydrogen is often used for fuel cell reactions water is produced – a more environmentally friendly emission. This emerging segment has numerous potential applications including everything from automotive to stationary storage and portable power generation.

## Why Invest in the ALPS Clean Energy ETF (ACES)?

The fund's underlying index has a differentiated pure-play approach which concentrates on companies, based in the U.S. or Canada, whose primary operations are focused across the clean energy sector.

- Clean Energy pure-play companies
- Diversified across sub-segments
- U.S. or Canadian based companies

### Methodology – Constituent Criteria

- Company derives a majority of their value from clean energy businesses
  - Definition of value determined based on company segment reporting with precedence to EBITDA, gross profit, revenue, capacity or other asset mix
- Must be listed on U.S. or Canadian exchange
  - U.S. or Canadian based as determined primarily by headquarters, asset base, customer base as monitored by investment committee
- Minimum float adjusted market capitalization of greater than \$100 million USD
- Minimum median trading liquidity of greater than \$1 million USD median over last 60 trading days prior to the selection date



Wind	31.78%
Efficiency/LED/Smart Grid	22.96%
Solar	14.07%
Biomass/Biofuel	12.52%
Hydro/Geothermal	10.11%
EV/Storage	5.06%
Fuel Cell	3.50%

*Allocations as of 9/30/2018, Bloomberg and are subject to change.*

### Clean Energy Index Characteristics

Symbol	NACEX	ECO	CELS
Full Name	CIBC Atlas Clean Energy Index	WilderHill Clean Energy Index	Nasdaq Clean Edge U.S Liquid Series Index
Number of Constituents	30	40	40
Wgt Avg Market Cap (\$Mn)	\$5,105	\$4,731	\$7,983
Weight of Top 10	50.2%	33.6%	54.8%
Large Cap (>\$10Bn)	5.1%	12.0%	17.89%
Mid Cap (\$2-10Bn)	58.8%	32.9%	64.68%
Small Cap (<\$2Bn)	36.2%	55.2%	17.43%
Dividend Yield	3.3%	1.4%	1.8%
Price to Book (P/B) Ratio	2.1x	1.7x	2.4x
<b>Overlap by Weight</b>	<b>100%</b>	<b>37.9%</b>	<b>46.5%</b>

Source: Bloomberg as of 9/30/2018

## Important Disclosures & Definitions

**An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus which contain this and other information call 866.759.5679 or visit [www.alpsfunds.com](http://www.alpsfunds.com). Read the prospectus carefully before investing.**

**ALPS Clean Energy ETF shares are not individually redeemable. Investors buy and sell shares of the ALPS Clean Energy ETF on a secondary market. Only market makers or "authorized participants" may trade directly with the fund, typically in blocks of 50,000 shares.**

There are risks involved with investing in ETFs including the loss of money. Additional information regarding the risks of this investment is available in the prospectus.

An investment in the Fund is subject to investment risk including the possible loss of the entire principal amount that you invest.

**Clean Energy Sector Risk.** Obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants and general economic conditions can significantly affect companies in the clean energy sector. In addition, intense competition and legislation resulting in more strict government regulations and enforcement policies and specific expenditures for cleanup efforts can significantly affect this sector. Risks associated with hazardous materials, fluctuations in energy prices and supply and demand of alternative energy fuels, energy conservation, the success of exploration projects and tax and other government regulations can significantly affect companies in the clean energy sector. Also, supply and demand for specific products or services, the supply and demand for oil and gas, the price of oil and gas, production spending, government regulation, world events and economic conditions may affect this sector. Currently, certain valuation methods used to value companies involved in the clean energy sector, particularly those companies that have not yet traded publicly, have not been in widespread use for a significant period of time. As a result, the use of these valuation methods may serve to increase further the volatility of certain clean energy company share prices.

**Concentration Risk.** The fund seeks to track the underlying index, which itself may have concentration in certain regions, economies, countries, markets, industries or sectors. Underperformance or increased risk in such concentrated areas may result in underperformance or increased risk in the fund.

**Canadian Investment Risk.** The fund may be subject to risks relating to its investment in Canadian securities. The Canadian economy may be significantly affected by the U.S. economy, given that the United States is Canada's largest trading partner and foreign investor. Any negative changes in commodity markets could have a great impact on the Canadian economy. Because the fund will invest in securities denominated in foreign currencies and the income received by the fund will generally be in foreign currency, changes in currency exchange rates may negatively impact the fund's return.

**Micro-Capitalization Company Risk.** Micro-cap stocks involve substantially greater risks of loss and price fluctuations because their earnings and revenues tend to be less predictable (and some companies may be experiencing significant losses), and their share prices tend to be more volatile. The shares of micro-cap companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the future ability to sell these securities.

**Small- and Mid-Capitalization Company Risk.** Smaller and mid-size companies often have narrower markets, less liquidity, more limited managerial and financial resources and a less diversified product offering than larger, more established companies. As a result, their performance can be more volatile, which may increase the volatility of the Fund's portfolio.

**Large Capitalization Company Risk.** The large capitalization companies in which the Fund invests may underperform other segments of the equity market or the equity market as a whole.

**NACEX Index –** The CIBC Atlas Clean Energy Index is an adjusted market cap weighted index designed to provide exposure to a diverse set of U.S. or Canadian based companies involved in the clean energy sector including renewables and clean technology.

One cannot invest directly in an index.

The fund is new and has limited operating history.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS Clean Energy ETF.

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[Learn More](#)

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