

ALPS CLEAN ENERGY ETF (ACES)

MONTHLY INSIGHTS

October 2018

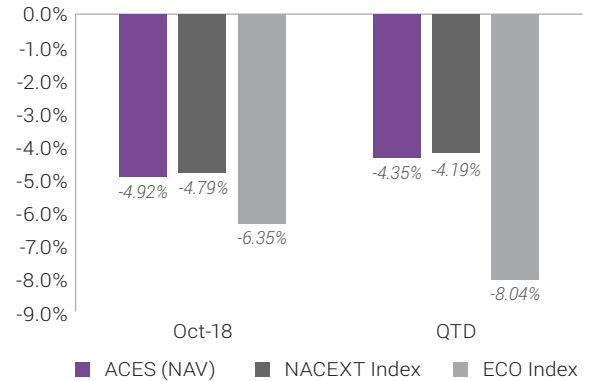
Key Takeaways

- The ALPS Clean Energy ETF (ACES) dropped 4.92% in October 2018.
- The EV/Storage sub-segment was the best-performing theme, buoyed by Tesla Inc.'s (TSLA) strong October 2018 performance.
- Tesla Inc. (TSLA) was ACES's best-performing individual name last month, gaining 27.40%.

Performance Notes

- The ALPS Clean Energy ETF (ACES) fell 4.92% in October 2018, but outpaced the WilderHill Clean Energy Index (ECO) by 1.43% on the month and outpaces ECO by 3.69% 3 months trailing.
- With over 85% in Mid/Small cap companies, ACES beat the broad based Russell 2000 Index (RTY) by 5.94% on the month as global markets were extremely volatile. ACES has a defensive tilt with its 42.54% weighting in the Utilities sector which is comprised mostly of wind power companies.

ACES vs Benchmarks (NAV)



Source: ALPS, Bloomberg L.P., as of 10/31/2018
Past performance is not indicative of future returns.
 For standardized performance, please see Page 3.

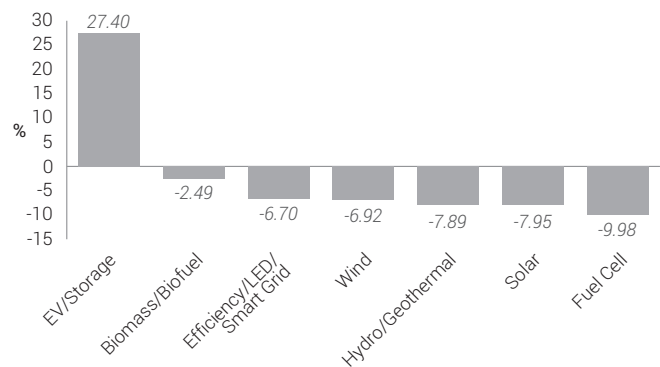
Strategy Breakdown

- 7 thematic sub-segments across 2 categories (Renewables and Clean Technology)
- Pure Play: Company derives a majority of their value from clean energy businesses
- U.S. and Canadian based companies

Return Attribution

- The EV/Storage theme, comprised of Tesla Inc. (TSLA), was ACES's best-performing sub-segment last month while Fuel Cell was the worst.
- Late in October 2018, Efficiency/Energy/Smart Grid name Ameresco Inc. (AMRC, .72% weight) announced the approval of an energy performance contract with the New York City Housing Authority. The contract's goal is to improve energy efficiency and living standards for residents, providing anticipated savings of \$8.6 million a year to the city.
- Facebook Inc. (FB) is partnering with solar company First Solar, Inc. (FSLR, 4.95% weight) to build a solar plant for a Facebook data center. This is part of Facebook's plan to get 100% of its power needs from renewables by 2020. Construction on the plant starts in 2019.

ACES Thematic Sub-Segment Performance - October 2018



Source: Bloomberg L.P., as of 10/31/2018
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Valuation Notes

- ACES's underlying index, the CIBC Atlas Clean Energy Index, has a price-to-earnings ratio (P/E ratio) of 21.83x, a premium to the WilderHill Clean Energy Index.

Price Multiples

	NACEXT Index	ECO index	CELS index
Price/Earnings Ratio	21.83x	13.64x	18.52x
Price/Cash Flow Ratio	8.69x	9.36x	11.88x
Price/Sales Ratio	1.55x	0.81x	1.82x
Average Market Capitalization (in Mil, \$)	6,447	5,463	9,915

Source: Bloomberg L.P., as of 10/31/2018.

ACES Top/Bottom Performers - October 2018

Leaders	Performance	Theme
TESLA INC (TSLA US)	27.40%	EV/Storage
AMERESCO INC-CL A (AMRC US)	19.93%	Efficiency/LED/Smart Grid
RENEWABLE ENERGY GROUP INC (REGI US)	7.92%	Biomass/Biofuel
Laggards	Performance	Theme
SUNPOWER CORP (SPWR US)	-17.67%	Solar
ITRON INC (ITRI US)	-18.79%	Efficiency/LED/Smart Grid
ACUITY BRANDS INC (AYI US)	-19.99%	Efficiency/LED/Smart Grid

Source: Bloomberg L.P., as of 10/31/2018.

Holdings subject to change.

Past performance is not indicative of future results.

October 2018 Company Snapshot

Company: Tesla Inc.

Sub-Segment: EV/Storage

- Elon Musk's Tesla, Inc. (TSLA), one of the largest domestic makers of electric vehicles, found a slew of controversy in the latter stages of the third quarter, but the shares jumped 27.40% in October 2018. Tesla's October 2018 ascent was aided in part by news Andrew Left of Citron Research not only reversed his bearish stance on the stock, but also revealed he is long Tesla shares.
- "Citron is long Tesla as the Model 3 is a proven hit and many of the TSLA warning signs have proven not to be significant," said Left in a blog post¹. "Plain and simple – Tesla is destroying the competition."
- Citron's research notes that year-to-date, through the end of the third quarter 2018, sales of Tesla's Model S top those of rival cars from the likes of Audi, BMW and Mercedes Benz. In the third quarter 2018, sales of the Model S topped those of the Lexus LS, BMW 7 series and Mercedes S class combined, according to Citron research.
- Recently, at least one analyst speculated that if Tesla can attain profitability, it would be a candidate for inclusion in the S&P 500². That would prompt a wave of buying of Tesla shares among index funds and exchange traded funds (ETFs) as well as active fund managers that benchmark to the S&P 500.
- Filings published in late October 2018 revealed Musk purchased another \$10 million worth of Tesla stock. In its third-quarter 2018 earnings report out last month, Tesla said it earned \$2.90 a share, a massive improvement from a loss of \$3.70 a share a year earlier. Analysts forecasted a loss of 3 cents a share for the third quarter of 2018.

¹ Source: Citron Research Oct. 23, 2018 <https://citronresearch.com/citron-reverses-opinion-on-tesla/>

² Source: MarketWatch Nov. 8, 2018 <https://www.marketwatch.com/story/whats-next-for-tesla-joining-the-sp-says-one-analyst-2018-11-08>

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ACES Performance as of 9/30/18

Total Returns	Cumulative as of 9/30/18			Annualized as of 9/30/18	
	1 Mo.	3 Mo.	S.I.	1 Yr.	S.I. ¹
ALPS Clean Energy ETF (Net Asset Value)	-3.01%	1.19%	1.88%	N/A	1.88%
ALPS Clean Energy ETF (Market Price) ²	-2.51%	1.67%	2.69%	N/A	2.69%
CIBC Atlas Clean Energy Index (Benchmark)	-3.00%	1.31%	1.98%	N/A	N/A

Performance data quoted represents past performance, which is not a guarantee of future results. Current performance may be lower or higher than the performance quoted. You can obtain performance data current to the most recent month end by calling (866)759-5679 or www.alpsfunds.com. The investment return and principal value of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.

Gross Expense Ratio: **0.65%**

¹ Fund inception date of 06/29/2018

² 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.

Top 10 Holdings (%)[^]

TESLA INC	6.79%
UNIVERSAL DISPLAY CORP	5.25%
ORMAT TECHNOLOGIES INC	5.14%
NEXTERA ENERGY PARTNERS	5.04%
NORTHLAND POWER INC	4.88%
PATTERN ENERGY GROUP IN	4.84%
BROOKFIELD RENEWABLE PA	4.69%
FIRST SOLAR INC	4.56%
CREE INC	4.56%
COVANTA HOLDING CORP	4.37%

[^] As of 10.31.2018

Holdings subject to change.

Daily holdings are available on the alpsfunds.com website.

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Important Disclosure & 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. Read the prospectus carefully before investing.

ALPS Clean Energy ETF Shares are not individually redeemable. Investors buy and sell shares of the ALPS Disruptive Technologies 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

There is no assurance that the market developments and sector growth discussed in this Insight will come to pass.

The Fund's investments in non-U.S. issuers may involve unique risks compared to investing in securities of U.S. issuers, including, among others, less liquidity generally, greater market volatility than U.S. securities and less complete financial information than for U.S. issuers. In addition, adverse political, economic or social developments could undermine the value of the Fund's investments or prevent the Fund from realizing the full value of its investments. Finally, the value of the currency of the country in which the Fund has invested could decline relative to the value of the U.S. dollar, which may affect the value of the investment to U.S. investors.

Price/Earnings Ratio - A valuation ratio of a company's current share price compared to its per-share earnings.

Price/Book 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 Ratio - This 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/Sales Ratio - This represents the weighted average of the price/sales ratios of the stocks in a portfolio. Price/sales represent the amount an investor is willing to pay for a dollar generated from a particular company's operations.

The NASDAQ Clean Edge U.S. Liquid Series Indexes are modified market capitalization weighted indexes designed to track the performance of clean-energy companies that are publicly traded in the U.S.

The Wilder-Hill Clean Energy Index is a modified equal dollar weighted index comprised of publicly traded companies whose business's stand to benefit substantially from societal transition toward the use of cleaner energy and conservation. The index benchmark value is 100.00 at the close of trading on December 30, 2002. * Disseminated by AMEX *

The S&P Global Clean Energy Index provides liquid and tradable exposure to 30 companies from around the world that are involved in clean energy related businesses. The index is comprised of a diversified mix of Clean Energy Production and Clean Energy Technology and Equipment Providers companies.

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