

# ALPS COMMODITIES MONTHLY INSIGHTS

## August 2017

### Key Takeaways

- Broad commodities fell slightly during August despite strong returns from Metals
- Increased Chinese demand boosts Industrial Metals to multi-year highs, up 52% since January of 2016
- Another year of bumper crops is weighing on Grains and Agricultural Commodities
- The spread between Brent and WTI Crude Oil widens after WTI trailed by 5% in August

### Broad commodities fell slightly during August despite strong returns from Metals

Commodities finished mostly down for the month, with grains getting pummeled. However, both Industrial and Precious Metals continued to climb during August, hitting new highs for the year. Energy was a bit more volatile during August, but rallied towards the end of the month to finish slightly below even.

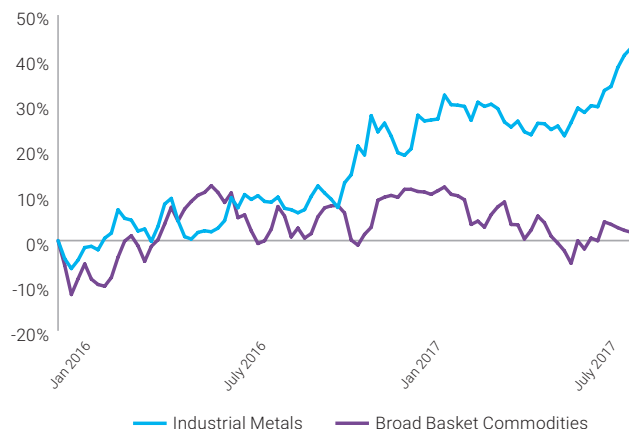
	August Return <sup>^</sup>	YTD Return <sup>^</sup>
Broad Basket	-0.78%	-6.85%
Industrial Metals	8.63%	21.48%
Precious Metals	3.96%	13.24%
Energy	-0.28%	-12.50%
Softs	-2.87%	-15.25%
Livestock	-5.42%	1.93%
Grains	-9.08%	-7.94%

<sup>^</sup> as of August 31, 2017. Source: Bloomberg

### Increased Chinese demand boosts Industrial Metals to new multi-year highs

Industrial Metals were boosted during the month of August from falling inventories and more importantly, increased Chinese demand growth. Historically, industrial metals have carried a high sensitivity to Chinese growth prospects, and this past month, The International Monetary Fund (IMF) raised its growth outlook for the country over the next five years to 6.4% from its previous outlook of 6.0%. Furthermore, China has a massive amount of savings sitting on the sidelines (currently sitting 26% above the global average). If we begin to see Chinese consumption uptick, it will be helpful for sustaining a higher growth rate and may be beneficial for those areas most sensitive to Chinese growth.

### Industrial Metals up 52% since January 2016



Since bottoming out in January of 2016, Industrial Metals have quietly made an impressive rally. The S&P GSCI Industrial Metals Index is up a cumulative 52%. Depleting inventories and improved growth prospects have helped the rally, but the index still sits 30% below its 10 year high.

Since mid-January 2016, Industrial Metals have outperformed the broader asset class by almost 50%.

Source: Bloomberg, 1/1/2016 – 8/31/2017

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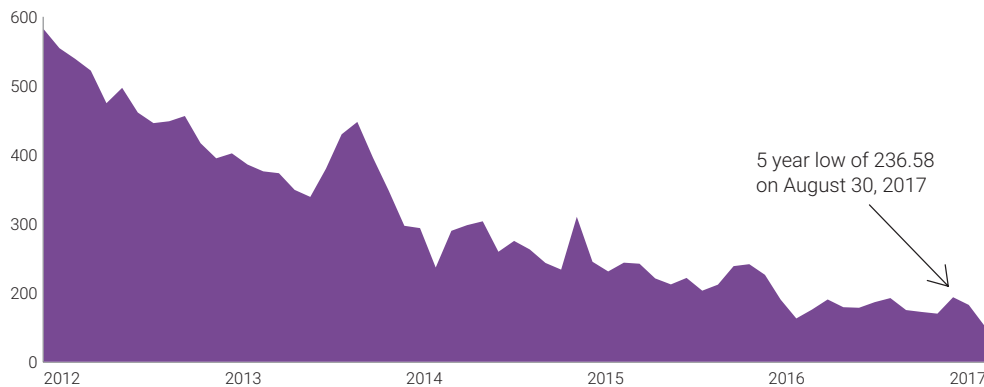
### Another year of bumper crops is weighing on Grains and Agricultural Commodities

After trading in a narrow band for most of the year, agricultural commodities suffered large declines in August due to oversupply. Record harvests for both corn and soybeans caused each to drop and will mark the fifth straight year of a larger than expected harvest, otherwise known as bumper crops.

Russian wheat production also shocked the market, with more than 80 million tons expected from this year's harvest. Concerns about rising stockpiles have depressed the prices of grains.

#### S&P GSCI Grains Index

August 31, 2012 - August 31, 2017



Five straight years of bumper crops have depressed grains prices to multi-year lows.

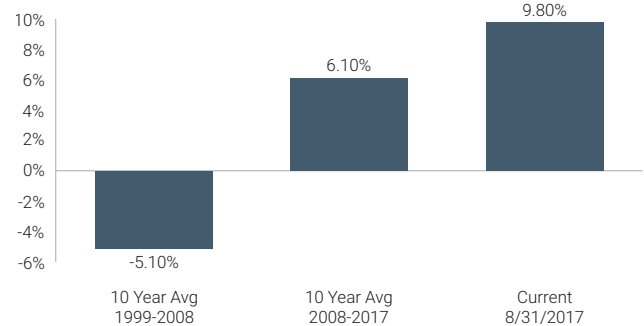
Source: US Department of Agriculture, Bloomberg.  
As of 8/31/2017.

### The spread between Brent and WTI Crude Oil widens after WTI trailed by 5% in August

With West Texas Intermediate (WTI) light, sweet crude oil down almost 6% during the month of August, Brent crude oil only saw a drop of 51 basis points. This divergence began in July and really picked up in August, leaving WTI crude oil trailing Brent by a total of 6.72% during this time period.

While the US shale boom devastated global crude oil prices over the last several years, this divergence may signify investors differentiating between types of crude. With US shale producers still pumping at record levels, discussion of OPEC production caps may be supporting Brent crude prices at higher levels than US WTI light sweet crude.

#### Brent to WTI Premium (Discount)



Source: US Department of Agriculture, Bloomberg.  
As of 8/31/2017.

The spread between Brent and WTI crude prices widened in August as WTI trailed Brent by 5%. Trading at a premium to WTI since the beginning of the US shale boom, Brent historically traded at a discount.

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### Important Disclosure & Definitions

*An investor should consider investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, which contains this and other information, call 1.877.398.8461 or visit [www.alpsfunds.com](http://www.alpsfunds.com). Read the prospectus carefully before investing.*

*The Fund's investments may subject the Fund to significantly greater volatility than investments in traditional securities and involve substantial risks, including risk of a significant portion on their principal value.*

*The commodities markets and the prices of various commodities may fluctuate widely based on a variety of factors. Because the Fund's performance is linked to the performance of highly volatile commodities, investors should consider purchasing shares of the Fund only as part of an overall diversified portfolio and should be willing to assume the risks of potentially significant fluctuations in the value of the Fund. The Fund invests in commodity futures related investments, which are derivative instruments that allow access to a diversified portfolio of commodities without committing substantial amounts of capital. Additional risks of Commodity Futures Related Investments include liquidity risk and counterparty credit risk. Counterparty Risk is the risk that a party to a transaction will fail to fulfill its obligations. The term is often applied specifically to swap agreements in which no clearinghouse guarantees the performance of the contract. Liquidity Risk is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss.*

*The Fund is a series of Financial Investors Trust. Not FDIC Insured • No Bank Guarantee • May Lose Value*

*Broad Basket: The S&P GSCI Index is broad based and production weighted to represent the global commodity market beta.*

*Softs: S&P GSCI Softs Index is a sub-index of the S&P GSCI that measures the performance of only the soft commodities weighted on a world production basis including coffee, sugar, cocoa, and cotton.*

*Energy: S&P GSCI Energy Index is a sub-index of the S&P GSCI that measures performance in the energy commodity market weighted on a world production basis.*

*Precious Metals: S&P GSCI Precious Metals Index is a sub-index of the S&P GSCI that measures performance in the precious metals market weighted on a world production basis.*

*Industrial Metals: S&P GSCI Industrial Metals Index is a sub-index of the S&P GSCI that measures performance in the industrial metals market weighted on a world production basis.*

*Livestock: S&P GSCI Livestock Index is a sub-index of the S&P GSCI that measures performance in the livestock commodity market weighted on a world production basis.*

*Grains: S&P GSCI Livestock Index is a sub-index of the S&P GSCI that measures performance in the grains commodity market weighted on a world production basis.*

*One may not invest directly in an index.*

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