ALPS INSIGHTS

ALPS | CoreCommodity Management CompleteCommodities® Strategy Fund

JCRAX | JCRCX | JCRIX

The Potential Benefits of Active Management

Investors are increasingly using exchange-traded vehicles to gain passive exposure to various asset classes and investment styles. The trend began in equities and, after the success of simple broad market indexes, ETFs expanded to include highly specialized subsector or thematic investing. Passive investing in bonds soon followed, and investors have now begun using exchanged-traded vehicles for exposure to broad commodity indexes, commodity sub-sectors, and individual commodities. While a passive approach may hold some validity in specific highly efficient markets, a passive investment strategy may be less effective when investing in commodities.

In some equity markets that are particularly efficient, such as the domestic and international large capitalization markets, many active managers fail to consistently add excess returns over the typical capitalization-weighted indexes (see Figure 1). Many academic and industry studies show little performance benefit from active management of equity portfolios over intermediate- or long-term periods of time, especially after accounting for fees.

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Figure 1:
Percentage of active mutual funds that have underperformed their benchmark index over varying time frames:

		1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
All Large Cap Funds	S&P 500 Index	66.00%	93.39%	88.30%	84.60%	92.15%
All Mid Cap Funds	S&P MidCap 400 Index	89.37%	94.21%	89.95%	96.03%	95.40%
All Small Cap Funds	S&P Small Cap 600 Index	85.54%	95.69%	96.57%	95.64%	93.21%
International Funds	S&P Int'l 700 Index	84.94%	71.09%	66.95%	83.89%	89.36%
Long Investment-Grade Bonds	Barclay's Long-Term Government/Credit Undex	75.00%	98.04%	74.80%	96.30%	97.44%

Data range: 12.31.01 – 12.31.16
Sources: ETF.com; S&P Dow Jones Indices LLC. SPIVA U.S. Scorecard Year-End 2016. The S&P 500 is a capitalization-weighted benchmark that tracks broad-based changes in the U.S. stock market. The S&P MidCap 400® provides investors with a benchmark for midsize companies. The index, which is distinct from the large-cap S&P 500®, measures the performance of midsize companies, reflecting the distinctive risk and return characteristics of this market segment. The S&P SmallCap 600® measures the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure they are liquid and financially viable. The S&P 700 measures the non-U.S. component of the global equity market through an index that is designed to be highly liquid and efficient to replicate. The index covers all regions included in the S&P Global 1200 except for the U.S., which is represented by the S&P 500®. The Barclay's Long Term Government/Credit Index includes publicly issued U.S. Treasury debt, U.S. government agency debt, taxable debt issued by U.S. states, territories and their political subdivisions, debt issued by U.S. and non-U.S. corporations, non-U.S. government debt and supranational debt.

A critical difference between commodity futures and equity investments is the requirement to sell futures on a routine basis and purchase new contracts in order to avoid physical delivery. This contrasts with equities which represent a perpetual form of ownership. In order to replicate a broad-based commodity benchmark, every component must be sold and repurchased, typically between 4 and 12 times per year. As a result, commodity investing necessitates a degree of "active management" that is quite different than a buy and hold approach which is possible in the equity markets.

In addition, due to the rapidly changing nature of the fundamentals that impact various commodity markets, commodity investment performance may substantially benefit from active management. Commodity futures reflect the constantly changing expectations of market participants regarding present and future supply and demand. Historically, individual commodities experience exogenous shocks, caused by drought, floods, hurricanes, disease, geopolitical issues and other crises. These shocks can dramatically, and in some cases instantaneously, alter prices, leaving producers, consumers and investors subject to potential risks. In commodities, active management can add value and outperform passive exchange-traded vehicles which rigidly track rules-based commodity indexes. The commodity indexes tracked by these passive funds typically hold their positions in the front month contract of a futures curve, hold static weights for each commodity, and roll their positions from nearby to forward months on a publically disclosed predetermined schedule. A number of techniques are available for the active manager to outperform exchanged-traded vehicles tracking passive indexes, including: varying the positioning on a forward curve, rolling positions on a different schedule than the benchmark, over- and under-weighting the commodity components of the portfolio, and substituting one commodity for a closely related commodity with better risk/return expectations.

Another advantage available to active commodity managers is the ability to incorporate positions in markets that are not part of the specified commodity benchmark. For example, active managers have the ability to substitute different grades of oil or wheat that are in higher demand than those included in a particular benchmark index. Additionally, in some cases, managers can include the equities of commodity producers in their portfolios, providing access to major commodities such as coal, steel, iron ore, chemicals and fertilizers for which liquid futures contracts do not exist. Of course, care must be taken to analyze the actual "commodity" component of an equity in order to minimize non-commodity price risk. Importantly, all of the active management described above can be instituted while maintaining an unlevered portfolio.

Some of the newer exchanged-traded commodity vehicles follow algorithmic formulas to determine their positions, the most popular of which look at the shape of the forward curves or use momentum formulas. However, the inflexibility and slow response of these algorithmic approaches to the exogenous shocks that occur in the commodity markets can potentially impair performance. For instance, in 1990 when Iraq invaded Kuwait, oil was in steep contango. As such, many of today's algorithmic investment strategies would likely have reduced their oil holdings or perhaps might not have held any oil at all in their portfolios. Following the invasion, oil prices doubled. However, these algorithmic strategies might have taken days or weeks to react to this geopolitical event.

An active commodity investing strategy may provide a robust set of opportunities to outperform passive benchmarks. Using the techniques described above, the actively managed ALPS|CoreCommodity Management CompleteCommodities® Strategy Fund "I" Shares (JCRIX) outperformed its benchmark Bloomberg Commodity Index, after fees, by 3.32% per year since inception through October 31, 2017, putting it in the top decile of all commodity funds in the Morningstar Commodity Universe.

Over its 7+ year history, JCRIX has had a correlation of 0.93, a beta of 0.99, with comparable volatility to the Bloomberg Commodity Index.

Performance as of 9/30/2017

			Annualized			Expense Ratios	
	3 Mo.	YTD	1 Yr.	5 Yr.	Since Inception[1]	Total Expense Ratio	What You Pay[2]
Class A (NAV)	7.01%	-1.45%	1.68%	-7.51%	-2.08%	**1.45%**	1.45%
Class A (LOAD)	1.08%	-6.85%	-3.93%	-8.56%	-2.84%		
Class C (NAV)	6.66%	-1.90%	0.98%	-8.12%	-2.67%	**2.05%**	2.05%
Class C (LOAD)	5.66%	-2.89%	-0.02%	-8.12%	-2.67%		
Class I (NAV)	6.99%	-1.32%	1.86%	-7.27%	-1.81%	**1.15%**	1.15%
Thomson Reuters/CoreCommodity CRB Index	5.04%	-4.28%	-0.99%	-9.75%	-4.35%		
Bloomberg Commodity Index (BCOMTR)	2.53%	-2.87%	-0.29%	-10.47%	-5.00%		

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance data may be higher or lower than actual data quoted. The Fund imposes a 2.00% redemption fee on shares held for less than 30 days. Performance shown does not include the redemption fee, which if reflected would reduce the performance quoted. For the most current month-end performance data please call 1.866.759.5679. Performance includes reinvested distributions and capital gains.

Maximum Offering Price (MOP) for Class A shares includes the Fund's maximum sales charge of 5.50%. CDSC performance for Class C shares includes a 1% contingent deferred sales charge (CDSC) on C shares redeemed within 12 months of purchase. Performance shown at NAV does not include these sales charges and would have been lower had it been taken into account.

[1] *Fund inception date is 06/29/10.*

[2] *What You Pay reflects the Sub-Adviser's decision to contractually limit expenses at least through February 29, 2018. Please see the prospectus for additional information.*

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ALPS Distributor, Inc. and ALPS Portfolio Solutions Distributor, Inc. are affiliated.

Important Disclosures & Definitions

Investors should consider investment objectives, risks, charges and expenses carefully before investing, including "Additional Risks" as described in the prospectus. To obtain a prospectus, which contains this and other information, call 1.866.759.5679 or visit www. alpsfunds. com. Read the prospectus carefully before investing.

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ALPS Advisors, Inc. and CoreCommodity Management, LLC are registered with the CFTC as the Commodity Pool Operator and respectively as the Commodity Trading Advisor and both are NFA members.

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.

Another principal risk of investing in the Fund is equity risk, which is the risk that the value of the securities held by the Fund will fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate or factors relating to specific companies in which the Fund invests. The Fund's investments in non-U.S. issuers may be even more volatile and may present more risks than investments in U.S. issuers. Equity investments in commodity-related companies may not move in the same direction and to the same extent as the underlying commodities.

subsector: an area of the economy in which businesses share the same or a related product or service within an investment theme or sector.

thematic investing: a top-down investment approach with a focus on broader, macroeconomic themes that a fund manager can use to identify strong companies.

contango: a situation where the futures price of a commodity is above the expected future spot price.

correlation: A statistical measure of how two securities move in relation to each other. A measure of 1 means the securities are highly correlated and move in conjunction. A measure of 0 means the securities are not at all correlated and do not move in conjunction.

beta: A measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. The beta of the market is 1.00 by definition. A beta above 1 is more volatile than the overall market, while a beta below 1 is less volatile.

Commodity Swap Contract: A swap in which exchanged cash flows are dependent on the price of an underlying commodity. A commodity swap is usually used to hedge against the price of a commodity.

The Thomson Reuters/CoreCommodity CRB Index and the Bloomberg Commodity Index are unmanaged indexes used as a measurement of change in commodity market conditions based on the performance of a basket of different commodities. An investor cannot invest directly in an index.

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