

ALPS DISRUPTIVE TECHNOLOGIES ETF

MONTHLY INSIGHTS

July 2018

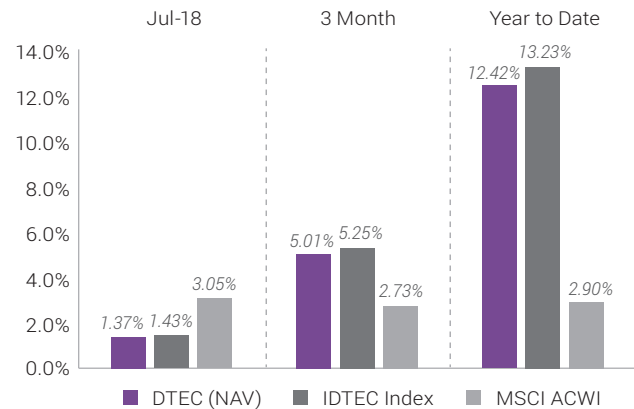
Key Takeaways

- The ALPS Disruptive Technologies ETF (DTEC) gained 1.37% in July.
- Led by the Clean Energy & Smart Grid, Mobile Payments and Artificial Intelligence & Robotics themes, 67 of DTEC's 100 components generated positive returns last month.
- 3D printing firm Faro Technologies, Inc. (FARO) was DTEC's best-performing holding last month with a July gain of 19.78%.

Performance Notes

- DTEC rose 1.37% last month, but trailed the MSCI ACWI Index (MXWD) by 1.68%.
- Despite trailing the global benchmark last month, DTEC is beating the MSCI ACWI Index by 9.52% year-to-date.
- The MSCI ACWI Index rallied last month due to its relative overweight to financials, which rallied as interest rates climbed. The benchmark also benefited from stock selection in the industrials sector.

DTEC vs Benchmarks (NAV)



Source: Bloomberg, L.P., as of 7/31/2018

Past performance does not guarantee future results.
For standardized performance, please see page 3.

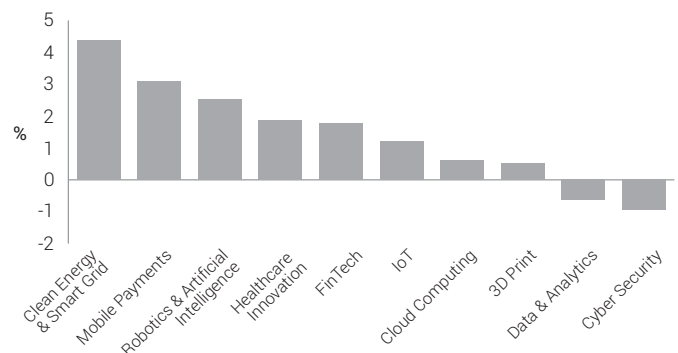
Strategy Breakdown

- Access Disruptive Technology Themes
- 10 equally-weighted themes with 10 equally-weighted pure-play stocks within each theme
- Global All-cap Equity Exposure

Return Attribution

- Eight of the 10 disruptive themes represented in DTEC gained last month while just two finished lower.
- Clean Energy & Smart Grid and Mobile Payments were DTEC's best-performing themes last month while Data & Analytics and Cybersecurity were the laggards.
- China Longyuan Power Group (916 HK, 0.98% weight) was DTEC's leading Clean Energy name in July, surging 15.64% after the Chinese government boosted support for clean energy investments.
- A slew of sell-side analyst upgrades sent First Data Corp. (FDC, 1.11% weight) soaring by 11.13%, again making the stock DTEC's best-performing Mobile Payments holding.

DTEC Theme Performance - July 2018



Source: Bloomberg, L.P., as of 7/31/2018

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Valuation notes

- Underscoring a growth profile, the Indxx Disruptive Technologies Index (IDTEC), DTEC's underlying benchmark, currently trades with a price-to-earnings ratio (P/E ratio) of 29.51.
- That is a premium to the P/E ratio of 24.10 seen on the MSCI ACWI Growth Index at the end of the second quarter.¹
- Year-to-date, as of the end of the second quarter, DTEC was beating the MSCI ACWI Growth Index by approximately 950 basis points (bps).

Price Multiples

	IDTEC Index		MSCI ACWI Index	
	Current	3 Yr. Avg	Current	3 Yr. Avg
Price/Earnings Ratio	29.51	49.63	17.23	19.47
Price/Cash Flow Ratio	18.24	22.07	10.73	9.99
Price/Sales Ratio	3.16	3.37	1.63	1.53
Average Market Capitalization (in Mil, \$)	25,244	23,197	148,698	19,633

Source: Bloomberg, L.P., as of 7/31/2018

DTEC Top/Bottom Performers- July 2018

Leaders	Performance	Theme
FARO TECHNOLOGIES INC (FARO US)	19.78%	3D Printing
WILLIAM DEMANT HOLDING (WDH DC)	18.87%	Healthcare Innovation
COGNEX CORP (CGNX US)	18.31%	Robotics & Artificial Intelligence

Laggards	Performance	Theme
NIELSEN HOLDINGS PLC (NLSN US)	-23.83%	Data & Analytics
SLM SOLUTIONS GROUP AG (AM3D GR)	-24.30%	3D Printing
SOPHOS GROUP PLC (SOPH LN)	-24.88%	Cyber Security

Source: Bloomberg, L.P., as of 7/31/2018.

Holdings subject to change.

Past performance is not indicative of future results.

July 2018 Company Snapshot

Company: Faro Technologies Inc. (FARO)

Theme: 3D Printing

- On the back of a July gain of 19.78%, 3D printing company Faro Technologies, Inc. (FARO) was DTEC's leading individual holding last month. The Florida-based company designs, develops, manufactures, markets, and supports software driven, three-dimensional (3D) measurement, imaging, and realization systems.
- As of late July/early August, Faro's market capitalization resided around \$960 million, making it a small-cap stock.
- Faro reported second-quarter earnings of 7 cents a share on revenue of \$98.2 million. A year earlier, the company reported a quarterly loss. Year-over-year sales growth was 18.8%.
- Faro has also been busy on the acquisition front. Last month, the company acquired UK-based Laser Control Systems and Landmark Controls. Those deals are expected to bolster Faro's position in the galvanometer based light direction market and are complements to company's photonics technology platform. Faro also bought Open Technologies. The deals are viewed as "bolt ons" rather than revenue accretive.
- "Open Technologies' strong presence in the digital dental market opens us to new vertical possibilities. These products enable dentists and dental technicians to leverage the digital 3D world for the design and manufacture of dental appliances," said Faro CEO Simon Raab on the second0quarter earnings conference call.²
- Faro's gross margins in the second quarter jumped 210 bps to 58.70%. The stock trades with a consensus forward P/E ratio of 72.46, according to Morningstar data.³

¹ Source: <https://www.msci.com/documents/10199/f6ed0310-f5df-46a1-9ab3-3360d8b3bad6>

² Source: Faro earnings call transcript <https://seekingalpha.com/article/4190569-faro-technologies-inc-faro-ceo-simon-raab-q2-2018-results-earnings-call-transcript?part=single>

³ Source: Morningstar <https://www.morningstar.com/stocks/xnas/faro/quote.html>

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DTEC Monthly Performance as of 6/30/18

Total Returns	Cumulative				Annualized			
	3 Mo.	6 Mo.	YTD	S.I.	1 Yr.	3 Yr.	5 Yr.	S.I. ¹
ALPS Disruptive Technologies ETF (Net Asset Value)	4.89%	10.90%	10.90%	10.37%	N/A	N/A	N/A	N/A
ALPS Disruptive Technologies ETF (Market Price) ²	4.51%	11.10%	11.10%	10.93%	N/A	N/A	N/A	N/A
Indxx Disruptive Technologies Index (Benchmark)	5.18%	11.63%	11.63%	11.13%	N/A	N/A	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 and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.

Gross Expense Ratio: **0.50%**

¹ Fund inception date of 12/29/2017

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 (%)[^]

AEROVIRONMENT INC	1.21
IROBOT CORP	1.12
DIASORIN SPA	1.11
PTC INC	1.11
NETFLIX INC	1.11
LENDINGCLUB CORP	1.10
EQUINIX INC	1.10
SOPHOS GROUP PLC	1.10
QUALYS INC	1.08
DEXCOM INC	1.08

[^] As of 6/30/2018, Source: Bloomberg.
Holdings subject to change.

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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 Disruptive Technologies 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.

Disruptive Technology Theme Risk. Companies that the Index Provider believes are developing disruptive technologies may not in fact do so or may not be able to capitalize on those technologies. Companies that develop disruptive technologies may face political, legal or regulatory challenges. Such companies may also be exposed to risks applicable to industries or sectors other than the disruptive technology Theme for which they are chosen and may underperform relative to other companies that are also focused on a particular Theme.

Smaller and mid-size companies often have narrower markets, 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.

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

An investment in the ALPS Disruptive Technologies ETF (DTEC) may be subject to substantially greater risk and volatility than investments in larger and more mature technology companies.

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.

The fund is new and has limited operating history.

Indxx Disruptive Technologies Index (IDTEC): based around companies that enter traditional markets with new digital forms of production and distribution, are likely to disrupt an existing market and value network, displace established market leading firms, products and alliances and increasingly gain market share.

One may not invest directly in the index.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS Disruptive Technologies ETF

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

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 MSCI ACWI Index is a free-float weighted equity index. It was developed with a base value of 100 as of December 31 1987. MXWD includes both emerging and developed world markets.

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