

ALPS DISRUPTIVE TECHNOLOGIES ETF

MONTHLY INSIGHTS

August 2018

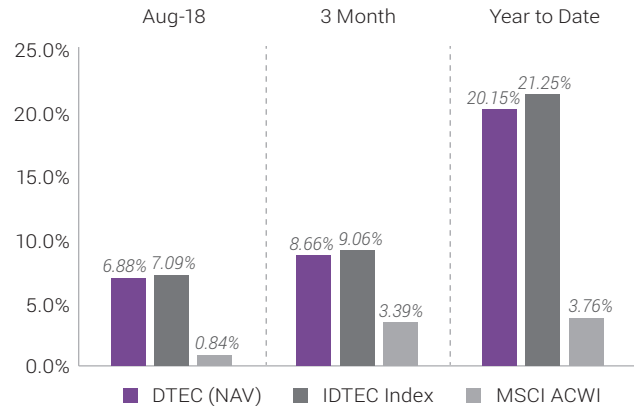
Key Takeaways

- The ALPS Disruptive Technologies ETF (DTEC) surged 6.88% in August.
- Led by the 3D Printing, Cybersecurity and Mobile Payments themes, 82 of DTEC's 100 components finished higher last month.
- 3D Printing holding 3D Systems Corp. (DDD) was DTEC's best-performing individual name in August, soaring a jaw-dropping 67.21%.

Performance

- The ALPS Disruptive Technologies ETF (DTEC) gained 6.88% last month, outpacing the MSCI ACWI Index (MXWD) by 6.04%.
- Year-to-date, DTEC is trouncing the MSCI ACWI Index by 16.39%.
- In August, DTEC benefited from stock selection in the Industrial and Technology sectors. DTEC's relative overweight in Technology contributed to the fund's out-performance last month.

DTEC performance (NAV)



Source: Bloomberg as of 8/31/2018, ALPS as of 8/31/2018
Performance data quoted represents past performance. Past performance does not guarantee future results.
 For standardized performance, please see page 3.

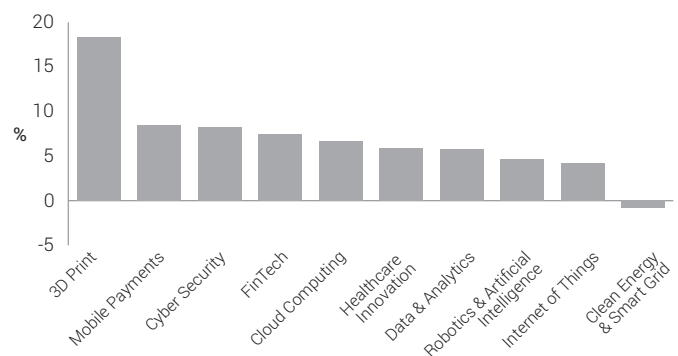
Strategy

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

Attribution

- Nine of the 10 disruptive themes represented in DTEC posted positive returns in August while just one closed in the red for the month.
- 3D Printing and Mobile Payments were the best-performing themes in DTEC last month while Clean Energy/Smart Grid was the fund's lone laggard.
- 3D Systems Corp. (DDD, 1.27% weight) was DTEC's best 3D Printing name in August, jumping 67.21% after reporting earnings that crushed analyst estimates.
- Strong earnings and a spate of analyst upgrades sent Worldplay Inc. (WP, 1.08%) up 18.49% last month, making it DTEC's best-performing Mobile Payments name.

DTEC Theme Performance - August 2018



Source: Bloomberg as of 8/31/2018
Past performance does not guarantee future results.

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Valuation

- As of Aug. 31, 2018, the Indxx Disruptive Technologies Index (IDTEC), DTEC's underlying benchmark, had a price-to-earnings ratio (P/E ratio) of 32.37, a significant discount to the three-year average of 48.76.
- Underscoring its growth tilt, IDTEC's current price-to-cash-flow and P/E ratios are well above those on the MSCI ACWI Index.

Price Multiples

	IDTEC Index		MSCI ACWI Index	
	Current	3 Yr. Avg	Current	3 Yr. Avg
Price/Earnings Ratio	32.37	48.76	17.16	19.52
Price/Cash Flow Ratio	20.11	22.49	11.02	10.05
Price/Sales Ratio	3.35	3.35	1.63	1.54
Average Market Capitalization (in Mil, \$)	27,162	23,420	162,043	19,732

Source: Bloomberg as of 8/31/2018

DTEC Top/Bottom Performers- August 2018

Leaders	Performance	Theme
3D SYSTEMS CORP (DDD US)	67.21%	3D Printing
DEXCOM INC (DXCM US)	51.77%	Healthcare Innovation
IROBOT CORP (IRBT US)	43.22%	Robotics & Artificial Intelligence

Laggards	Performance	Theme
DENTSPLY SIRONA INC (XRAY US)	-17.02%	Healthcare Innovation
MAZOR ROBOTICS LTD-SPON ADR (MZOR US)	-23.68%	Robotics & Artificial Intelligence
CYBERDYNE INC (7779 JP)	-32.90%	Robotics & Artificial Intelligence

Source: Bloomberg, as of 8/31/2018.

Holdings subject to change.

Past performance is not indicative of future results.

August 2018 Company Snapshot

Company: 3D Systems Corp (DDD US)

Theme: 3D Printing

- As noted above, 3D Systems Corp. (DDD) set an absolutely blistering pace in August, returning 67.21%, more than recouping losses incurred in late July.
- On Aug. 8th, shares of 3D Systems ripped higher after the company reported adjusted second-quarter earnings per share of 6 cents while Wall Street was expecting a break-even quarter. The company posted revenue of \$176.6 million for the period, well ahead of analysts' estimate of \$165.8 million.
- "The company reported 41 percent higher printer revenue on 37 percent higher printer unit sales, 26 percent growth in healthcare solutions, and growth in materials and on demand manufacturing," according to a statement issued by South Carolina-based 3D Systems.¹
- After generating \$10.7 million in cash from operation during the second quarter, 3D Systems had \$119.3 million in cash on hand, a fair sum for a company with a market value of \$2.34 billion (as of Sept. 4th).
- On Aug. 8th, Canaccord Genuity reiterated a Hold rating on DDD shares while boosting its price target to \$13 from \$11. On the same day, Morningstar increased its fair value estimate on DDD while raising its 2018 revenue growth estimate to 7% from 3%.
- A variety of factors are expected to drive the growth of the global 3D Printing market over the coming years. "Factors driving the growth of markets are, increasing spending by market players on product development and research & development activities, increasing regulatory support from government, growth in end user segments and ease of manufacturing," according to Digital Journal.²

¹ Source: 3D Printing Systems statement <https://finance.yahoo.com/news/3d-systems-reports-second-quarter-200100530.html>

² Source: Digital Journal Sept. 4, 2018 <http://www.digitaljournal.com/pr/3922442>

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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.

DTG000183 10/31/2018