

# ALPS | DORSEY WRIGHT SECTOR MOMENTUM ETF

## MONTHLY INSIGHTS

May 2018

### Key Takeaways

- The ALPS/Dorsey Wright Sector Momentum ETF (SWIN) returned 5.11% last month, bringing its total return for the 12 months ended May 31, 2018 to 15.88%.
- SWIN's technology names exhibited strong performance in May, adding 241 basis points (bps) of performance while contributing to the fund's positive showing.
- SWIN's average 12-month price-to-earnings ratio (P/E ratio) is 27.9x, slightly above the fund's current P/E ratio of 26.5x.

### Performance Notes

- Helped by overweights in the industrial and technology sectors, SWIN outperformed the S&P 500 Index last month.
- In May, SWIN topped the MSCI USA Momentum Index by 1.61% due to stock selection in the information technology and consumer discretionary sectors.

Performance as of 05/31/2018.

Performance data quoted represents past performance, which is not a guarantee of future results.

For standardized performance, please see Page 3.

### May Stock Performance

- Last month, SWIN avoided three of the four sectors that posted negative returns by not holding consumer staples, telecommunications or utilities names.
- Semiconductor maker Micron Technology, Inc. (MU) surged 25.25% last month and its shares have more than doubled over the past year as the company has posted six consecutive quarters of double-digit earnings growth.

Source: Bloomberg L.P., as of 05/31/2018.

Past performance is not indicative of future results.

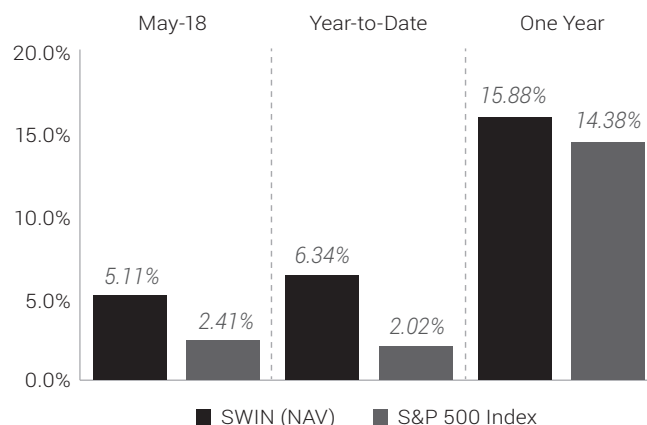
### Valuations

- SWIN's price multiples exhibit a growth bias relative to the S&P 500 Index, which is in line with the fund's current holdings.

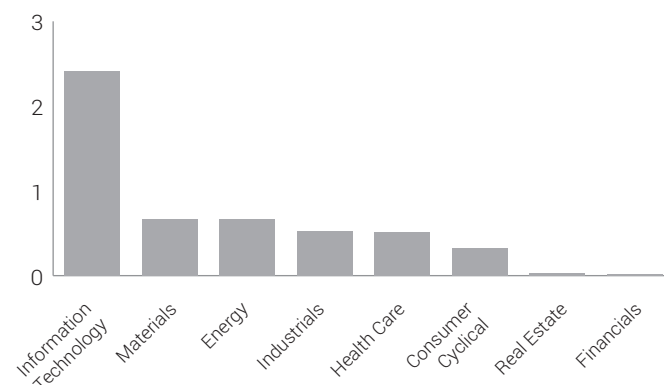
Source: Bloomberg L.P., as of 05/31/2018.

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### Trailing Performance (NAV) – May 2018



### Contribution to Return by Sector – May 2018



### Price Multiples

	SWIN		S&P 500 Index	
	Current	1 Yr	Current	1 Yr
Price/Earnings Ratio	26.5	27.9	20.5	21.6
Price/Book Ratio	4.8	5.1	3.3	3.2
Price/Cash Flow Ratio	14.6	15.8	13.8	14.2
Price/Sales Ratio	2.6	2.8	2.2	2.2

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### SWIN Top/Bottom Performers – May 2018

Leaders	1 Month Performance (%)	Sector
ABIOMED INC	26.65	Health Care
MICRON TECH	25.25	Technology
SQUARE INC - A	23.05	Technology
Laggards	1 Month Performance (%)	Sector
YUM! BRANDS INC	-6.22	Consumer Cyclical
DIAMONDBACK ENER	-5.90	Energy
WYNDHAM DESTINAT	-5.05	Consumer Cyclical

Source: Bloomberg L.P., as of 05/31/2018. Holdings subject to change.

**Past performance is not indicative of future results.**

#### May 2018 Company Snapshot:

Company: Square, Inc. (SQ)

Sector: Information Technology

- Payment processor Square, Inc. surged 23.05% last month, making it one of the best-performing names in SWIN's lineup. Late last month, Square said it would sell \$750 million in convertible debt, a move at least analyst expects will fuel Square's acquisition strategy. The notes are convertible into Class A shares of Square common stock.
- The debt sale will "enable Square to continue its acquisition strategy, having announced the \$365 million acquisition of Weebly only last month," according to Morgan Stanley analyst James Faucette.
- The Morgan Stanley analyst said Square's acquisition strategy will focus on expanding offerings for mid-sized and smaller businesses while looking to expand the companies international footprint.
- Square competes directly with PayPal Holdings Inc. (PYPL). Last month, PayPal said it is buying Swedish financial technology startup iZettle for \$2.2 billion. Just a few days later, Square announced the convertible debt offering aimed at raising cash for more deals of its own.
- Morgan Stanley's Faucette said PayPal's deal for iZettle could be a challenge for Square in major ex-US markets, including the United Kingdom, Japan, Canada and Australia.
- Some analysts remain bullish on Square. Last month, Stifel upgraded the stock to Buy from Hold while boosting its price target to \$55 from \$46. RBC Capital Markets reiterated an Outperform rating on Square while raising its price target to \$65 from \$53.

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SWIN Monthly Performance as of 3/31/18

Total Returns	Cumulative			
	1 Mo.	3 Mo.	6 Mo.	S.I. <sup>1</sup>
ALPS   Dorsey Wright Sector Momentum ETF (Net Asset Value)	-1.05%	1.10%	6.19%	19.98%
ALPS   Dorsey Wright Sector Momentum ETF (Market Price) <sup>2</sup>	-1.47%	1.41%	6.33%	20.22%
Dorsey Wright US Sector Momentum Index	-1.03%	1.14%	6.22%	19.39%
S&P 500® Total Return Index	-2.54%	-0.76%	5.84%	19.24%

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](http://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: **0.40%**

<sup>1</sup> Fund inception date of 1/10/17

<sup>2</sup> 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.

### ETF Stats

Ticker:	SWIN
Underlying Index:	DWUSSR
Listing Exchange:	Nasdaq
CUSIP:	00162Q 486
Fund Inception:	1/10/17
Dividends Paid:	Quarterly
Most Recent Dividend*:	\$0.05449
Gross Expense Ratio:	<b>0.40%</b>
NAV**:	\$29.66
Shares Outstanding:	350,002

\* Dividend Paid on March 29, 2018

\*\* As of March 31, 2018

Daily holdings are available on the [Alpsfunds.com](http://Alpsfunds.com) website.

### 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 866.675.2639 or visit [www.alpsfunds.com](http://www.alpsfunds.com).

Read the prospectus carefully before investing. ALPS Dorsey Wright Sector Momentum ETF Shares are not individually redeemable. Investors buy and sell shares of the ALPS Dorsey Wright Sector Momentum ETF on a secondary market. Only market makers or "authorized participants" may trade directly with the Fund, typically in blocks of 50,000 shares.

An investment in the Fund is subject to investment risk, including the possible loss of the entire principal amount that you invest.

The Fund is subject to the additional risks associated with concentrating its investments in companies in the market sector.

The Fund is considered non-diversified and can invest a greater portion of its assets in securities of individual issuers than a diversified fund.

The fund is new and has limited operating history.

Dorsey Wright US Sector Momentum Index is a rules-based index intended to track the overall performance of the stocks with the highest relative strength or "momentum" within the NASDAQ US Large Mid Cap Index (the "NASDAQ Index") on a sector-by-sector basis.

S&P 500® Index is the Standard & Poor's composite index of 500 stocks, a widely recognized, unmanaged index of common stock prices.

The MSCI USA Momentum Index is based on MSCI USA Index, its parent index, which captures large and mid cap stocks of the US market. It is designed to reflect the performance of an equity momentum strategy by emphasizing stocks with high price momentum, while maintaining reasonably high trading liquidity, investment capacity and moderate index turnover.

An investor cannot invest directly in an index.

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.

Basis Point is one hundredth of one percent, used chiefly in expressing differences of interest rates.

"Relative strength" is an investing strategy that seeks to determine the strongest performing securities by measuring certain factors, such as a security's relative positive performance against the overall market or a security's relative strength value, which is derived by comparing the rate of increase of the security's price to that of a benchmark index. Nasdaq, Inc. (the "Index Provider") uses a proprietary methodology to analyze the relative strength of each security within the universe of eligible securities and determine a "momentum" score. In general, momentum is the tendency of a security to exhibit persistence in its relative strength; a "momentum" style of investing emphasizes investing in securities that have had better recent performance compared to other securities. The momentum score for each security included in the Underlying Index is based on intermediate and long-term upward price movements of the security as compared to a representative benchmark and other eligible securities within the universe.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS Dorsey Wright Sector Momentum ETF

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