

# ALPS EMERGING SECTOR DIVIDEND DOGS ETF

## MONTHLY INSIGHTS

July 2018

### Key Takeaways

- The ALPS Emerging Sector Dividend Dogs ETF (EDOG) jumped 4.74% last month, trimming its loss for the 12 months ended July 31, 2018 to 5.75%.
- Financials were the biggest contributor to EDOG's July upside.
- The average three-year price-to-earnings ratio (P/E ratio) for the S-Network Emerging Sector Dividend Dogs Index currently resides at 12.70x.

### Performance Notes

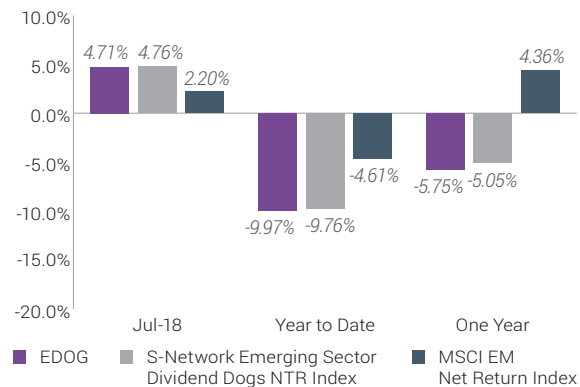
- EDOG soared 4.74% in July, easily topping the MSCI EM Net Return Index, which gained 2.20% last month.
- EDOG's outperformance relative to the MSCI EM Net Return Index was partly driven by selection effect within each sector. Global trade tensions appear contained to China as the yuan continued sliding against the U.S. dollar.

Source: ALPS, Bloomberg L.P., as of 07/31/2018

**Past performance does not guarantee future results.**

For standardized performance, please see Page 3

### EDOG vs Benchmarks (NAV)



### Strategy Breakdown

- EDOG is an Exchange Traded Fund that applies the 'Dogs of the Dow Theory' on a sector-by-sector basis using the S-Network Emerging Markets Index as its starting universe of eligible securities.
- The strategy provides high dividend exposure across all sectors of the market by selecting the five highest yielding securities in each sector. In addition, the country representation is capped at five eligible securities per country.
- Equally weighting at the stock and sector level may provide diversification while avoiding sector biases.

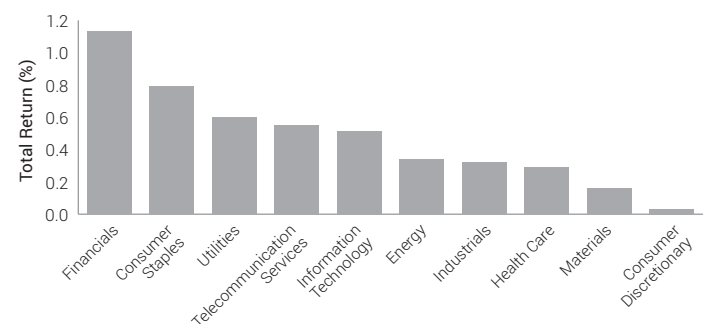
### Return Attribution

- EDOG's financial services holdings exhibited the largest contribution to the fund's July returns.
- The majority of EDOG's bank holdings beat earnings estimates, triggering a spate of bullish commentary and upgrades from sell-side analysts.

Source: Bloomberg L.P., as of 07/31/2018.

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

### Contribution to Return by Sector



# ALPS EMERGING SECTOR DIVIDEND DOGS ETF

## MONTHLY INSIGHTS

July 2018

### Valuation Notes

- EDOG's underlying index sports a dividend yield of 5.01%, or 2.37% more than the yield on the MSCI Emerging Markets Index.
- When looking at the historical monthly Price/Earnings Ratio over the past three years of the S-Network Emerging Sector Dividend Dogs Index, the current Price/Earnings Ratio is slight at a discount to its three year historical average.

Source: Bloomberg L.P., as of 07/31/2018.

### Price Multiples

	S-Network Emerging Sector Dividend Dogs Index		MSCI EM Index	
	Current	3 Year Average	Current	3 Year Average
Price/Earnings Ratio	12.70	13.36	13.66	10.66
Price/Book Ratio	1.64	1.58	1.68	1.15
Price/Cash Flow Ratio	7.10	6.44	6.62	3.17
Price/Sales Ratio	1.04	0.97	1.26	0.80
Trailing 12 Month Yield	5.01	5.12	2.64	2.59

Source: Bloomberg L.P., as of 07/31/2018.

Past performance is not indicative of future results.

### EDOG Top/Bottom Performers – July 2018

Leaders	1 Month Performance (%)	Sector
BANCO SANTANDER MEXICO -ADR	24.96	Financials
DELTA ELECTRONICS THAI PCL	18.90	Information Technology
GUDANG GARAM TBK PT	14.93	Consumer Staples
Laggards	1 Month Performance (%)	Sector
CIELO SA	-9.72	Information Technology
FORD OTOMOTIV SANAYI AS	-9.99	Consumer Discretionary
PERUSAHAAN GAS NEGARA PERSER	-15.53	Utilities

Source: Bloomberg L.P., as of 07/31/2018.

Holdings subject to change.

Past performance is not indicative of future results.

# ALPS EMERGING SECTOR DIVIDEND DOGS ETF

## MONTHLY INSIGHTS

July 2018

### Company Snapshot

Company: Banco Santander Mexico (BSMX)  
 Weight: 2.54%  
 Sector: Financial Services  
 Country: Mexico

- Banco Santander Mexico (BSMX), the US-listed shares of one of Mexico's largest banks, surged nearly 25% last month, making the stock the best individual performer on EDOG's roster.
- Stocks in Mexico, Latin America's second-largest economy, rallied following the election of controversial leftist candidate Andrés Manuel López Obrador (AMLO). While investors were initially skittish about the prospects of an AMLO victory, it appears markets are embracing AMLO's anti-establishment platform and his promises to fight corruption, crime and rampant income inequality.
- Last month, Banco Santander Mexico said second-quarter net income rose 12.1% on a year-over-year basis with deposits up 13%. The company also highlighted growth in its high margin loan business.
- "We are also pleased with the accelerated growth we have achieved in high margin loan segments, while consistently reducing cost of risk during the past three quarters and keeping healthy asset quality levels," said CEO Hector Grisi.
- In June, Mexico's central bank raised its benchmark lending rate to 7.75%, the country's highest level in nearly a decade. That was the central bank's second rate hike this year and 12th since the start of 2016. AMLO has pledged to maintain central bank independence.
- There are some potential risks on the horizon for Mexican banks and financial services firms.
- "Uncertainties over potential economic policy changes after Mexico's general election and protracted North American Free Trade Agreement (NAFTA) re-negotiations could have a low to moderately negative effect on loan growth, asset quality and profitability for Mexican banks and non-bank financial institutions (NBFIs)," said Fitch Ratings.

### EDOG Performance as of 6/30/18

Total Returns	Cumulative				Annualized		
	3 Mo.	6 Mo.	YTD	S.I.	1 Yr.	3 Yr.	S.I. <sup>1</sup>
ALPS Emerging Sector Dividend Dogs ETF (Net Asset Value)	-12.39%	-14.01%	-14.01%	-0.54%	-6.14%	0.01%	-0.13%
ALPS Emerging Sector Dividend Dogs ETF (Market Price) <sup>2</sup>	-12.95%	-14.39%	-14.39%	-1.05%	-7.01%	-0.10%	-0.25%
MSCI EM TR Net Index (Benchmark)	-7.96%	-6.66%	-6.66%	21.47%	8.20%	5.60%	4.67%
S-Network <sup>®</sup> Emerging Sector Dividend Dogs NTR Index <sup>3</sup>	-12.54%	-13.86%	-13.86%	3.22%	-5.46%	0.83%	0.75%

**Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be higher or lower than actual data quoted. Call 1.866.675.2639 or visit [www.alpssectordividenddogs.com](http://www.alpssectordividenddogs.com) for current month end performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.**

<sup>1</sup> Fund inception 03/28/2014

<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.

<sup>3</sup> The S-Network<sup>®</sup> Emerging Sector Dividend Dogs Index (Ticker: EDOGX) is a portfolio of stocks derived from a universe of mainly large capitalization stocks domiciled in emerging markets (the "S-Network Emerging Markets Index" "SNEMX"). One cannot invest directly in an index.

### ETF Stats

Ticker:	EDOG
Underlying Index:	EDOGXTR
Listing Exchange:	NYSE Arca
CUSIP:	0016Q668
Fund Inception:	3/28/2014
Dividends Paid:	Quarterly
Most Recent Dividend*:	\$0.2628
Gross Expense Ratio:	0.60%
NAV**:	\$21.45

\* Dividend Paid on 6/28/18

\*\* As of 6/30/18

### Top 10 Holdings (%)<sup>^</sup>

ENKA INSAAT VE SANAYI AS	2.30
FLEURY SA	2.24
MEGAFON-REG S GDR	2.23
INFOSYS LTD-SP ADR	2.21
LENOVO GROUP LTD	2.18
LUKOIL PJSC-SPON ADR	2.17
WIPRO LTD-ADR	2.16
AVI LTD	2.15
SEMIRARA MINING AND POWER	2.14
TURKCELL ILETISIM HIZMET-AD	2.10

<sup>^</sup> As of 6/30/2018. Holdings subject to change.

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

Learn More  
[alpsfunds.com](http://alpsfunds.com)



# ALPS EMERGING SECTOR DIVIDEND DOGS ETF

## MONTHLY INSIGHTS

July 2018

### 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 Emerging Sector Dividend Dogs ETF Shares are not individually redeemable. Investors buy and sell shares of the ALPS Emerging Sector Dividend Dogs 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.*

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

*Diversification does not eliminate the risk of experiencing investment losses.*

*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, 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. Financial reporting standards for companies based in foreign markets differ from those in the United States. 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. An investor cannot invest directly in an index.*

*The S-Network® Emerging Sector Dividend Dogs Index (Ticker: EDOGX) is a portfolio of stocks derived from a universe of mainly large capitalization stocks domiciled in emerging markets (the "S-Network® Emerging Markets Index" "SNEMX"). The EDOGX methodology selects the five stocks in each of the ten GICS sectors that make up the universe which offer the highest dividend yields as of the last trading day of November. The fifty stocks that are selected for inclusion in the portfolio are equally weighted. The universe includes stocks whose domicile and primary exchange listings are in countries identified by the World Bank as Upper Middle Income (certain lower middle income countries are also included, as well as stocks traded on the Taiwan Stock Exchange despite non-recognition by the World Bank). The selection criteria for the universe, in addition to the aforementioned country qualifications, also include requirements for sector inclusion, primary exchange listing, minimum market capitalization, share price, average daily trading volume and other factors. An investor cannot invest directly in an index.*

*MSCI EM TR Net Index: a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. An investor cannot invest directly in an index.*

*ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS International Sector Dividend Dogs ETF.*

*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.*

*Dividend Yield - 12 Month Yield is the sum of a fund's total trailing 12-month interest and dividend payments divided by the last month's ending share price (NAV) plus any capital gains distributed over the same period.*

DOG000778 9/30/2018