

PRIVATE EQUITY INSIGHTS

December 2017

Key Takeaways

- The ALPS | Red Rocks Listed Private Equity Fund has returned 25.6% YTD. The fund returned -0.49% in November, reflecting uncertainty of US tax reform provisions.
- New data from Pitchbook suggests global private equity fundraising is on pace for new post-financial crisis record.¹
- New data from Preqin highlight how small (<\$500million) private equity investments (the focus of the ALPS|Red Rocks LPE fund) have historically outperformed large (\$>1b) investments.²
- Private Equity company in focus: 3i Group (London, UK)

The ALPS | Red Rocks Listed Private Equity Fund has returned 25.6% YTD.

Strong growth in cash (EBITDA) earnings and healthy exit markups have driven returns, while persistent low inflation and interest rates provide a favorable environment for additional potential equity growth. The performance impact in November appears to be the result of US tax reform uncertainty as most of the impact was from US-based names. YTD performance was driven primarily by direct investment companies, which typically comprise 60%-70% of fund assets.

Performance Summary

	November 2017	2017 YTD
ALPS Red Rocks Listed Private Equity Fund – “I” shares (LPEIX)	-0.49%	25.62%
S&P Global MidSmall Cap Index	2.32%	21.99%
MSCI World Index	2.22%	21.42%
S&P 500 Total Return Index	3.07%	20.49%

Performance Attribution

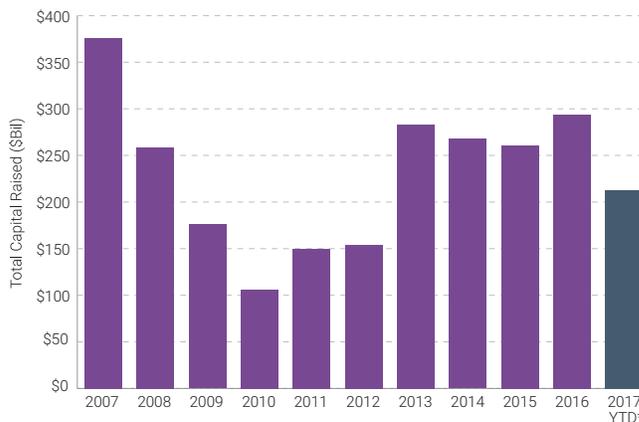
	November	YTD
Direct Investment Companies	-0.47%	16.61%
Fund of Fund Companies	0.29%	3.42%
Asset Manager Companies	-0.31%	5.59%
Total	-0.49%	25.62%

Source: Bloomberg, company reports, as of 11/30/2017

New data from Pitchbook suggests fundraising is on pace for new post-financial crisis record.

According to data provider Pitchbook, private equity firms are raising more capital than at any point since 2007 as funds based in North America and Europe attracted \$212 billion in commitments through the end of July. The largest PE and VC funds of all time closed in 2017: Apollo Investment Fund IX (\$24.7 billion) and New Enterprise Associates 16 (\$3.3 billion).

Private Equity Capital Raised (Global)



Source: Pitchbook, *as of 7/31/2017²

¹ As of 11/30/2017; latest available private equity fund vintage year is 2014.

² As of 7/31/2017. Latest available information; private equity fund reporting available 4-6 months after end of period due to data collection efforts.

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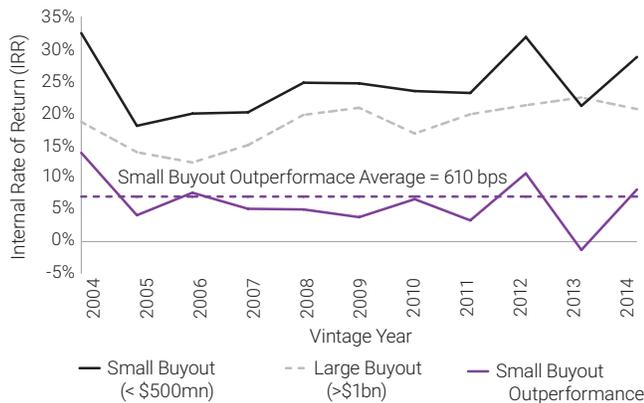
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New data from Preqin highlights how small (<\$500million) private equity investments have historically outperformed large (>\$1b) investments.

For the most recently available decade of data from Preqin, top performing small buyout funds have consistently outperformed large buyout funds, an average of 610 bps³ in IRR. According to the data, smaller buyouts appear to have many attractive investment characteristics, including the potential for stronger returns, a larger investment universe, lower purchase price multiples, lower leverage, and relative simplicity of smaller companies. Smaller company buyouts, with EBITDA in range of \$25-\$100 million, are the focus of the ALPS | Red Rocks LPE fund.

Top Performing Small Buyout Funds Have Historically Outperformed Large Buyout Funds



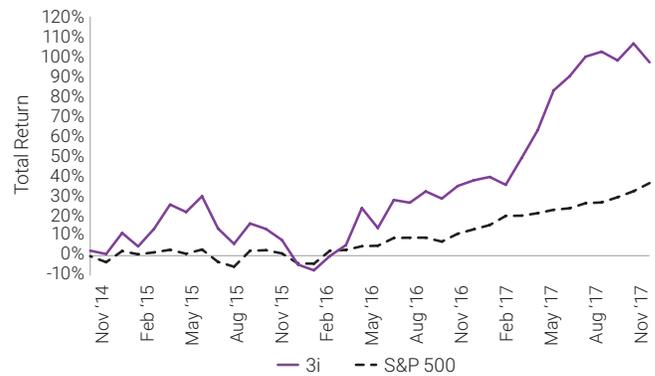
Source; Preqin, as of 11/30/2017; latest available private equity fund vintage year is 2014.

Company in Focus: 3i Group (London, UK)

3i Group is a \$12 billion market cap global buyout, infrastructure and debt investor with over \$20 billion in AUM. Founded in 1973, with roots back to 1945, the firm is focused smaller buyouts, with target deal size of range of \$15m - \$200m, in core sectors of consumer, industrial, and technology with significant international growth potential. Notable company holdings include: ACTION, Aspen Pumps, Element Materials Technology, Euro Diesel, Schlemmer, and Scandlines. Over the past three years, the firm has delivered compound annual returns of over 25% per year, significantly outpacing the 10.9% returns of the S&P 500.

3i Total Returns vs S&P 500

11/30/2014 - 11/30/2017



Source: Bloomberg. As of 11/30/2017, all returns expressed in USD

³ BPS: basis point; 1/100 of a percentage point

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Performance

Class	Ticker	Fund Inception** Date	Cumulative Total Return as of 11.30.17				Average Annual Total Return* as of 9.30.2017			
			1 Month	3 Month	Calendar YTD	Since Fund Inception	1 Year	3 Year	5 Year	Since Fund Inception
Class A (NAV)	LPEFX	12/31/2007	-0.50%	2.17%	25.35%	32.15%	27.30%	10.82%	15.42%	2.90%
Class A (MOP)			-5.99%	-3.49%	18.49%	24.91%	20.33%	8.75%	14.13%	2.31%
Class C (NAV)	LPFCX	12/31/2007 [^]	-0.65%	1.87%	24.35%	22.33%	26.40%	9.99%	14.65%	2.12%
Class C (CDSC)			-1.65%	0.87%	23.35%	22.33%	25.40%	9.99%	14.65%	2.12%
Class I	LPEIX		-0.49%	2.13%	25.62%	35.96%	27.81%	11.14%	15.79%	3.21%
MSCI World Index ³			2.22%	6.55%	21.39%	70.65%	18.83%	8.30%	11.62%	5.19%

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. For the most current month-end performance data please call 1.866.432.2926.

The performance shown here does not reflect the impact of costs associated with variable contracts, qualified pension and retirement plans or registered and unregistered separate accounts, which when deducted, will reduce the return figures shown.

¹ Performance less than one year is cumulative.

² Fund inception date of 10/24/14.

³ The MSCI World Total Return Index is Morgan Stanley Capital International's market capitalization weighted index that is composed of companies representative of the market structure of 23 developed market countries in North America, Europe, and the Asia/Pacific Region. An investor cannot invest directly in an index.

Top 10 Holdings[^] as of 10/31/2017

HarbourVest Global Private Equity Ltd.	4.85%	The Blackstone Group LP	4.00%
Aurelius Equity Opportunities SE & Co. KGaA	4.83%	Schouw & Co. AB	3.79%
IAC/InterActiveCorp	4.65%	Onex Corp.	3.71%
3i Group PLC	4.36%	Ares Capital Corp.	3.58%
Brookfield Asset Management Inc.	4.18%	Ackermans & van Haaren N.V.	3.28%
		Total	41.23%

[^] Future holdings are subject to change.

Important Disclosure & Definitions

Past performance is not a guarantee of future results and future investments have the potential for loss as well as profit.

An investor should consider investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, which contains this and other information, call 1.877.398.8461 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

Certain of the Fund's investments may be exposed to liquidity risk due to low trading volume, lack of a market maker or legal restrictions limiting the ability of the Fund to sell particular securities at an advantageous price and/or time. As a result these securities may be more difficult to value.

Foreign investing involves special risks such as currency fluctuations and political uncertainty. The fund invests in derivatives and is subject to the risk that the value of those derivative investments will fall because of pricing difficulties or lack of correlation with the underlying investment.

There are inherent risks in investing in private equity companies, which encompass financial institutions or vehicles whose principal business is to invest in and lend capital to privately – held companies. Generally, little public information exists for private and thinly traded companies, and there is a risk that investors may not be able to make a fully informed investment decision.

Listed Private Equity Companies may have relatively concentrated investment portfolios, consisting of a relatively small number of holdings. A consequence of this limited number of investments is

that the aggregate returns realized may be adversely impacted by the poor performance of a small number of investments, or even a single investment, particularly if a company experiences the need to write down the value of an investment.

The S&P 500[®] is an index of 500 stocks chosen for market size, liquidity and industry grouping among other factors.

MSCI World Index: Morgan Stanley Capital International's market capitalization weighted index is composed of companies representative of the market structure of 22 developed market countries in North America, Europe, and the Asia/Pacific Region.

Vintage Year: The year in which the first influx of investment capital is delivered to a project or company.

The statement and opinions expressed are those of the author. Any discussion of investments and investment strategies represent the author's views as of the date of this article, and are subject to change without notice.

Diversification does not eliminate the risk of experiencing investment losses.

ALPS | Red Rocks Listed Private Equity Fund is a series of Financial Investors Trust.

One may not invest directly in an index.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS | Red Rocks Listed Private Equity Fund.