

# ALPS SECTOR DIVIDEND DOGS ETF (SDOG)

## MONTHLY INSIGHTS

August 2018

### Key Takeaways

- The ALPS Sector Dividend Dogs ETF (SDOG) gained 0.83% last month, bringing its returns for the 12 months end Aug. 31, 2018 to 12.05%.
- SDOG's telecom names exhibited the strongest return contribution to the fund in August.
- SDOG's current price-to-earnings ratio (P/E) is 14.32x, a slight discount to its three-year average P/E ratio of 14.82x.

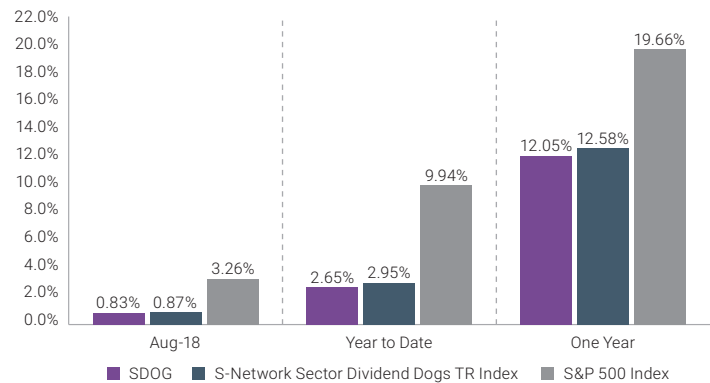
### Performance Notes

- SDOG, a fund that displays value traits, trailed S&P 500 Value Index last month by 0.53%.
- Led by Amazon.com Inc. (AMZN) and Apple Inc. (AAPL), large-cap technology names rallied last month, pushing the S&P 500 to record highs. Conversely, mature, multi-nationals lagged the broader market amid contentious trade negotiations between the U.S. and Canada.

Source: ALPS, Bloomberg, as of 08/31/2018

**Past performance is not indicative of future returns.**  
For standardized performance, please see Page 3.

### SDOG vs Benchmarks (NAV)



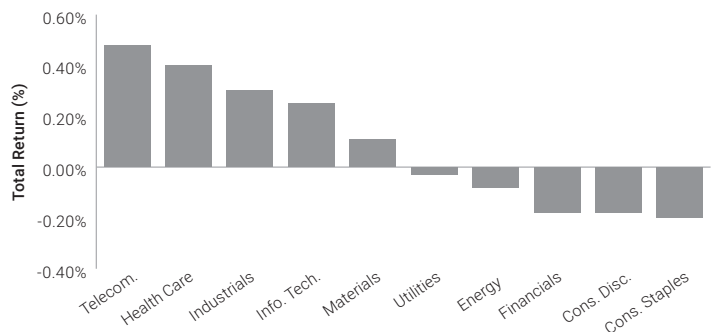
### Strategy Breakdown

- SDOG is an Exchange Traded Fund that applies the 'Dogs of the Dow Theory' on a sector-by-sector basis using the S&P 500 Index ("S&P 500") 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.
- Equally weighting at the stock and sector level may provide diversification while avoiding sector biases.

### Return Attribution

- Telecom names displayed the strongest contribution to SDOG's August performance.
- CenturyLink (CTL, 2.49% weight) was SDOG's leading telecom name last month, gaining 16.63% after the company raised EBITDA guidance for 2018 and bet consensus earnings estimates.

### Contribution to Return by Sector



Source: Bloomberg L.P., as of 08/31/2018. Past performance is not indicative of future results.

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#### Valuation Notes

- Highlighting its value tilt, SDOG's underlying index trades at a discount to the S&P 500. SDOG's index frequently trades at discount to broader domestic equity benchmarks.
- SDOG's average three-year P/E ratio is 14.32x, well below the 20.88x for the S&P 500 over the same period.

#### Price Multiples

	S-Network Sector Dividend Dogs Index		S&P 500 Index	
	Current	3 Year Average	Current	3 Year Average
Price/Earnings Ratio	14.32	14.82	20.88	19.70
Price/Book Ratio	2.21	2.20	3.34	2.91
Price/Cash Flow Ratio	8.00	7.58	13.41	12.08
Price/Sales Ratio	1.05	1.22	2.24	2.01
Trailing Twelve Month Yield	4.09	4.15	1.80	2.04

Source: Bloomberg L.P., as of 08/31/2018.

#### SDOG Top/Bottom Performers - August 2018

Leaders	1 Month Performance (%)	Sector
CF INDUSTRIES HOLDINGS INC	17.68	Materials
CENTURYLINK INC	16.63	Telecommunication Services
NIELSEN HOLDINGS PLC	11.84	Industrials

Laggards	1 Month Performance (%)	Sector
INVESCO LTD	-9.60	Financials
PHILIP MORRIS INTERNATIONAL	-9.75	Consumer Staples
L BRANDS INC	-14.77	Consumer Discretionary

Source: Bloomberg L.P., as of 08/31/2018. Holdings subject to change. **Past performance is not indicative of future results.**

#### Company Snapshot

**Company:** CF Industries Holdings, Inc. (CF)

**Sector:** Materials

**Weight:** 2.43%

Illinois-based CF Industries Holdings, Inc. manufactures and distributes nitrogen fertilizers and other nitrogen products worldwide. For much of the current U.S. bull market, agribusiness stocks have lagged the S&P 500, but shares of CF perked up in August, surging 17.68%. That run was enough to make CF SDOG's best-performing individual name last month.

Impressive second-quarter earnings were among the catalysts boosting shares of CF in August. The company reported second-quarter earnings of 63 cents a share, well ahead of the 42 cents analysts expected. CF posted net income of \$148 million on sales of \$1.3 billion. Lower natural gas costs contributed to CF's solid bottom-line results.

"The story of the first half of 2018 was that of lower North American gas costs and higher nitrogen prices, driving a 33 percent increase in adjusted EBITDA over last year," CF CEO Tony Will. "As we look forward, we expect our cash generation to grow due to a tightening nitrogen supply and demand balance, supported by higher energy costs in other regions of the world. As a result, we will begin returning excess cash to shareholders through our new share repurchase authorization while keeping our commitment to strengthen our balance sheet through debt repayment."

The company also announced a \$500 million share repurchase program. Recent sell-side analyst action on CF has been bullish with HSBC upgrading the stock to Buy from Hold and Barclays recently initiating coverage on CF with an Equal Weight rating and a \$55 price target. Shares of CF, which yield 2.36%, closed August around \$50.

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SDOG Performance as of 06/30/2018

Total Returns	Cumulative				Annualized			
	3 Mo.	6 Mo.	YTD	S.I.	1 Yr.	3 Yr.	5 Yr.	S.I. <sup>1</sup>
ALPS Sector Dividend Dogs ETF (Net Asset Value)	2.75%	-1.03%	-1.03%	121.04%	7.89%	10.47%	11.47%	14.13%
ALPS Sector Dividend Dogs ETF (Market Price) <sup>2</sup>	2.94%	-0.80%	-0.80%	121.69%	8.18%	10.58%	11.53%	14.18%
S&P 500 <sup>®</sup> Total Return Index (Benchmark)	3.43%	2.65%	2.65%	126.37%	14.37%	11.93%	13.42%	14.58%
S-Network <sup>®</sup> Sector Dividend Dogs TR Index (Benchmark)	2.87%	-0.82%	-0.82%	127.46%	8.38%	11.00%	12.00%	14.67%

**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.**

Gross Expense Ratio: **0.40%**

<sup>1</sup> Fund inception date of 6/29/12.

<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.

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

PPL CORP	2.36
FIRSTENERGY CORP	2.29
SOUTHERN CO/THE	2.28
SCANA CORP	2.27
CENTURYLINK INC	2.25
AES CORP	2.23
WILLIAMS COS INC	2.21
GENERAL MILLS INC	2.19
CF INDUSTRIES HOLDINGS I	2.19
VERIZON COMMUNICATIONS	2.18

<sup>^</sup> As of June 30, 2018. Holdings subject to change. 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 Sector Dividend Dogs ETF Shares are not individually redeemable. Investors buy and sell shares of the ALPS 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.

An investor cannot invest directly in an index.

The S-Network Sector Dividend Dogs Index (Ticker: SDOGX) is designed to serve as a fair, impartial and transparent measure of the performance of US large cap equities with above average dividend yields.

The S&P 500<sup>®</sup> (Ticker: SPX) is an index of 500 stocks chosen for market size, liquidity and industry grouping among other factors. S&P 500: an index of 500 stocks chosen for market size, liquidity and industry grouping among other factors.

**Dogs of the Dow Theory:** an investment strategy which proposes that an investor annually select for investment the ten Dow Jones Industrial Average stocks whose dividend is the highest fraction of their price.

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

**S&P 500 Value Index - The S&P 500 Value Index** is a market capitalization weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed between the value & growth indices.

**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.

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

