

ALPS Sector Dividend Dogs ETF

VALUE, INCOME, DIVERSIFICATION

Monthly Insights | March 2022

Key Takeaways

- In March 2022, the ALPS Sector Dividend Dogs ETF (SDOG) gained 2.44% as the rotation to cyclical value continued.
- US value stocks outshined growth in March, benefitting from inflationary pressures including higher commodity prices and raised expectations of higher rates being set by the Federal Reserve. SDOG's Utilities sector had the highest contribution to return, while other higher-yielding cyclical sectors provided positive performance.
- SDOG's month-end price-to-earnings ratio (P/E ratio) of 12.50x remains at a sizeable discount to the S&P 500's P/E of 23.21x.

Performance Notes

- The ALPS Sector Dividend Dogs ETF (SDOG) gained 2.44% last month, underperforming the S&P 500 Index, which gained 3.71%. The S&P Pure Growth Index was positive, returning 2.37% in March as growth equities bounced despite higher inflation and a rise in interest rates. The S&P Pure Value Index increased 3.49% on the month, outperforming SDOG's higher-yielding deep value names on SDOG's higher-weighting to inflation-sensitive sectors, like Consumer Staples and Industrials. Pure value has aggressively snapped back, and as of month-end, it is outperforming pure growth by over 1900bps year-to-date.
- In March, US equities bounced from recent lows and digested a 25bps increase in interest rates from the Federal Reserve, as well as continued inflationary pressures arising from the invasion of Ukraine by Russia. Value sectors historically fair better amidst a higher interest rate backdrop, and with the dispersion between value and growth multiples still remaining at spreads not seen since the early 2000s, SDOG deep value names typically benefit from a strong cyclical value rotation toward the cheaper side of the equities market.

Performance Summary

	Mar-22	YTD	1 Y	3 Y
SDOG (NAV)	2.44%	3.72%	11.11%	12.99%
S-Network Sector Dividend Dogs Index - TR	2.48%	3.84%	11.59%	13.49%
S&P 500 Pure Value Index	3.49%	6.38%	18.33%	13.58%
S&P 500 Pure Growth Index	2.37%	-12.84%	12.21%	17.46%
S&P 500 Index	3.71%	-4.60%	15.65%	18.92%

As of 3/31/2022

Performance data quoted represents past performance. Past performance is no guarantee of future results so that shares, when redeemed, may be worth more or less than their original cost. The investment return and principal value will fluctuate. Current performance may be higher or lower than the performance quoted. For current month-end performance call 1-866-759-5679 or visit www.alpsfunds.com. Performance includes reinvested distributions and capital gains.

For standardized performance please see page 2.

Strategy

- 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 multiple sectors of the market by selecting the five highest yielding securities in 10 of the 11 GICS sector (Real Estate sector excluded).
- Equally weighting at the stock and sector level may provide diversification while avoiding sector biases.

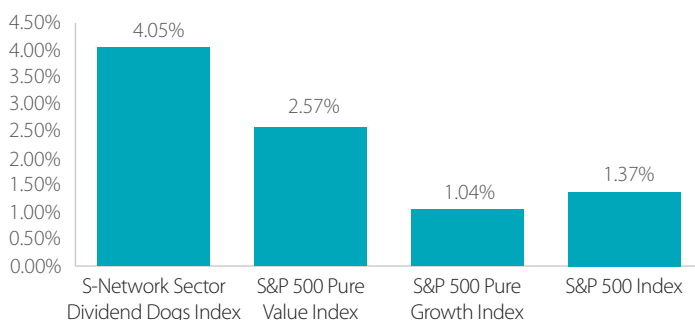


Dividend Yields of Broad Market Indexes

- As of March 31, 2022, SDOG's underlying index carries a higher trailing twelve-month dividend yield relative to major domestic market-focused indexes, due to a relative overweight to higher-yielding sectors including Utilities, Energy and Materials.
- SDOG has a 7.40% overweight* to Materials, 7.52% overweight* to Utilities and 6.22% overweight* to Energy, relative to the S&P 500 Index.

* Weight in SDOG as of 3/31/2022

Trailing Twelve Month Dividend Yield



Source: Bloomberg L.P., as of 3/31/2022

Past performance is no guarantee of future results.

ALPS Sector Dividend Dogs ETF

Contribution to Return

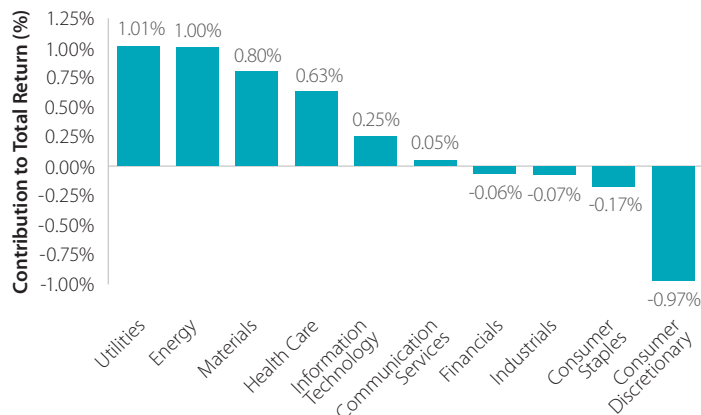
- SDOG's sector contribution to return favored higher-yielding sectors in March 2022, with Utilities (+1.01%), Energy (+1.00%), and Materials (+0.80%) leading the way by contribution. Laggards in terms of sector contribution to returns were Consumer Discretionary (-0.97%), Consumer Staples (-0.17%) and Industrials (-0.07%). SDOG Utilities sector name, Southern Co. (SO, 2.03% weight*) jumped nearly 12% after the company stated its natural gas utilities can reach the target of net-zero carbon emissions by 2050, by blending in more methane captured from its agricultural operations.
- Within SDOG's Energy sector, Valero Energy Corp. (VLO, 2.13% weight*) gained over 21% last month, moving higher as petroleum refineries benefitted from increased demand for gasoline amidst reduced supply from Eastern Europe and a surge in global travel.
- Newmont Corp. (NEM, 1.99% weight*), an SDOG Materials name, gained nearly 21%, as the miner and producer of precious metals was propelled by rising spot gold prices, as the precious metal is seen as a defensive position against inflation and geopolitical risks.

Valuation Update

- SDOG's underlying index continues to exhibit depressed valuations when compared to its historical averages, while the S&P 500 Index exhibits historically high valuations.
- The S-Network Sector Dividend Dogs Index's (SDOGX) current P/E ratio of 12.50x sits at a notable discount to the S&P 500's current P/E ratio of 23.21x. Additionally, the trailing twelve-month dividend yield for SDOGX is nearly 3x that of the S&P 500.

* Weight in SDOG as of 3/31/2022

Contribution to Return by Sector



Source: Bloomberg L.P., as of 3/31/2022

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Price Multiples

	SDOGX Index		S&P 500 Index	
	Current	3 Year Avg	Current	3 Year Avg
Price/Earnings Ratio	12.50x	14.11x	23.21x	23.97x
Price/Book Ratio	2.32x	1.98x	4.53x	3.91x
Price/Cash Flow Ratio	8.13x	7.16x	16.66x	15.61x
Trailing Twelve Month Yield	4.05%	4.80%	1.37%	1.68%
SDOG 30-Day SEC Yield	3.74%			

Source: Bloomberg L.P., as of 3/31/2022

Past performance is no guarantee of future results.

ALPS Sector Dividend Dogs ETF (SDOG) Performance

Total Returns	Cumulative as of 3/31/2022				Annualized as of 3/31/2022			
	1 M	3 M	YTD	SI ¹	1 Y	3 Y	5 Y	SI ¹
NAV (Net Asset Value)	2.44%	3.72%	3.72%	216.02%	11.11%	12.99%	9.12%	12.52%
Market Price	2.54%	3.80%	3.80%	216.30%	11.16%	13.05%	9.14%	12.53%
S-Network Sector Dividend Dogs Index - TR	2.48%	3.84%	3.84%	230.55%	11.59%	13.49%	9.60%	13.04%
S&P 500 Index - TR	3.71%	-4.60%	-4.60%	303.06%	15.65%	18.92%	15.99%	15.36%

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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.

¹ Fund inception date: 6/29/2012

Total Operating Expenses: **0.40%**

ALPS Sector Dividend Dogs ETF

Top 10 Holdings

Principal Financial Group Inc	2.17%	International Paper Co	2.10%
Conagra Brands Inc	2.15%	AbbVie Inc	2.09%
Prudential Financial Inc	2.15%	PPL Corp	2.09%
Omnicom Group Inc	2.14%	Edison International	2.08%
Valero Energy Corp	2.13%	Intel Corp	2.08%

Source: Bloomberg L.P., as of 3/31/2022, subject to change
Daily holdings are available at www.alpsfunds.com.

Important Disclosures & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. This material must be preceded or accompanied by the [prospectus](#). Read the prospectus carefully before investing.

Shares are not individually redeemable. Investors buy and sell shares on a secondary market. Only market makers or "authorized participants" may trade directly with the Fund, typically in blocks of 5,000, 25,000 or 50,000 shares.

Performance data quoted represents past performance. Past performance is no guarantee of future results; current performance may be higher or lower than performance quoted.

All investments are subject to risks, including the loss of money and the possible loss of the entire principal amount invested. 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 employs a "passive management" - or indexing - investment approach and seeks investment results that correspond (before fees and expenses) generally to the performance of its underlying index. Unlike many investment companies, the Fund is not "actively" managed. Therefore, it would not necessarily sell or buy a security unless that security is removed from or added to the underlying index, respectively.

30-Day SEC Yield: reflects the dividends and interest earned during the period, after the deduction of the Fund's expenses.

Dividend Yield: a financial ratio that shows how much a company pays out in dividends each year relative to its share price.

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.

Price/Book (P/B) 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 (P/CF) Ratio: 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/Earnings (P/E) Ratio: a valuation ratio of a company's current share price compared to its per-share earnings.

Trailing 12-Month Yield: refers to the percentage of income a portfolio has returned to investors over the last 12 months.

S&P 500 Index: widely regarded as the best single gauge of large-cap US equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

S&P 500 Pure Growth Index: a style-concentrated index designed to track the performance of stocks that exhibit the strongest growth characteristics by using a style-attractiveness-weighting scheme.

S&P 500 Pure Value Index: a style-concentrated index designed to track the performance of stocks that exhibit the strongest value characteristics by using a style-attractiveness-weighting scheme.

S-Network Sector Dividend Dogs Index (SDOGX): a rules-based index intended to give investors a means of tracking the overall performance of the highest dividend paying stocks in the S&P 500 on a sector-by-sector basis.

One may not invest directly in an index.

ALPS Advisors, Inc. is affiliated with ALPS Portfolio Solutions Distributor, Inc.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the Fund.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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