

# ALPS Disruptive Technologies ETF

Monthly Insights | December 2021

## Key Takeaways

- The ALPS Disruptive Technologies ETF (DTEC) gained 0.59% in December 2021 as markets bounced back in the final month of the year.
- Internet of Things (IoT) was DTEC’s best performing theme, with three names gaining over 10%.
- Cutera Inc. (**CUTR; 1.07% weight\***), a Healthcare Innovation name, was DTEC’s top performer, +18.53% in a month, when it announced the release of a new muscle sculpting technology.

## Performance

- The ALPS Disruptive Technologies ETF (DTEC) gained 0.59% last month, trailing the Morningstar Global Markets Index (MSGMUSDN) as broad markets benefitted from a year-end rally.
- DTEC’s relative overweight to the information technology sector led to the bulk of the underperformance vs MSGMUSDN this month. The largest detractor within the info tech sector was Block Inc. (**SQ; 0.87% weight\***), falling -22.47% in December. The mobile payments company, formerly known as Square, fell this month as falling Bitcoin prices and a price target cut moved the stock lower.

	Dec-21	YTD	1 Yr.
DTEC (NAV)	0.59%	5.05%	5.05%
IDTEC Index - NTR	0.74%	5.39%	5.39%
Morningstar Global Markets Index - NR	4.01%	17.80%	17.80%

*As of 12/31/2021 Performance data quoted represent 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 the most current month-end performance data please call 1-866-759-5679. Performance includes reinvested distributions and capital gains.*

*For standard performance, please see page 3*

## Strategy

- **Diversification:** Access to 10 Equally Weighted Disruptive Technology Themes
- **Long-term Capital Appreciation:** Thematic Alpha
- **Exposure:** Global All-Cap Equity Exposure

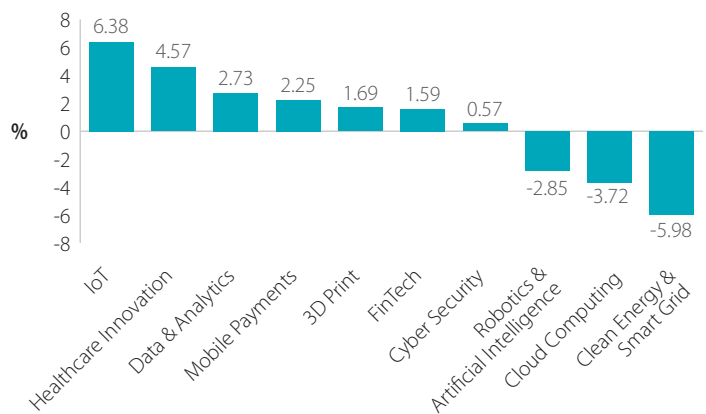


## Attribution

- Internet of Things (IoT) was the leader among DTEC’s 10 disruptive technology themes with all ten underlying names in the green while Clean Energy & Smart Grid was the laggard after policy uncertainties hit the renewables industry. Solar name, First Solar Inc. (**FSLR; 0.90% weight\***) fell 15.87% this month after Senator Manchin rejected the Biden Build Back Better economic plan, leading to a price target cut for the Arizona-based company.
- The Internet of Things (IoT) theme led this month with Allegro Microsystems Inc. (**ALGM; 1.06% weight\***) leading all names forward, +15.85%. The semiconductor device maker gained this month after accelerated electric vehicle (EV) and factory automation adoption benefitted the New Hampshire-based company who provides devices for these industries.
- The Healthcare Innovation theme was the second best performing in DTEC after Cutera Inc. (**CUTR; 1.07% weight\***), highlighted below in the company snapshot, was the top performing security in DTEC. Another name within the theme, Boston Scientific (**BSX; 1.02% weight\***) gained +11.58% after receiving several price target upgrades from analysts.

\* Weight in DTEC as of 12/31/2021.

## DTEC Theme Performance - December 2021



Source: Bloomberg, as of 12/31/2021.

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

# ALPS Disruptive Technologies ETF

## Valuation

- As of the end of December 2021, DTEC's underlying index (IDTEC) had a price-to-earnings ratio (P/E ratio) of 40.45x and a price-to-cash flow ratio of 23.77x.

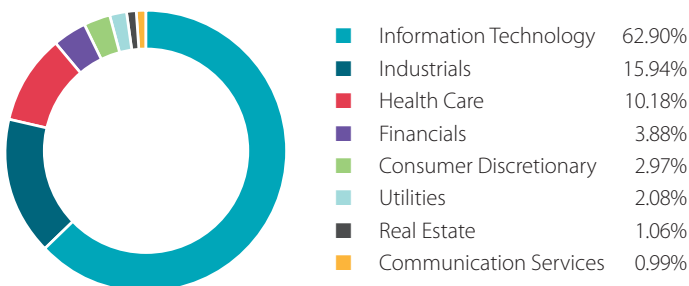
## DTEC Top/Bottom Performers December 2021

Leaders	Performance	Theme
CUTERA INC (CUTR US)	18.53%	Healthcare Innovation
BLACK KNIGHT INC (BKI US)	15.98%	FinTech
ALLEGRO MICROSYSTEMS INC (ALGM US)	15.85%	IoT

Laggards	Performance	Theme
AEROVIRONMENT INC (AVAV US)	-23.19%	Robotics & Artificial Intelligence
BLOCK INC (SQ US)	-22.47%	Mobile Payments
AFTERPAY LTD (APT AU)	-22.22%	FinTech

*Past performance is not indicative of future returns.*

## Sector Allocations



## Price Multiples

	IDTEC Index	Morningstar Global Markets Index
Price/Earnings Ratio	40.45x	19.52x
Price/Cash Flow Ratio	23.77x	9.73x
Price/Sales Ratio	5.25x	2.10x
Average Market Capitalization (in Mil, \$)	64,527	380,252

Source: Morningstar, as of 12/31/2021.

## December 2021 Company Snapshot

Company: **Cutera Inc. (CUTR; 1.07% weight\*)**



**Theme:**  
**Healthcare Innovation**

- Cutera designs aesthetic laser systems for physicians to treat patient's skin and body issues, such as hair removal and body contouring.
- Cutera was the top performing security in DTEC and announced a new aesthetic device at the start of the month. The next generation of truSculpt flex was unveiled by the California-based company with several new enhancements. "Personalized to meet patients' fitness level, shape, and goals, truSculpt flex+ is FDA-cleared for the improvement of abdominal tone, strengthening of the abdominal muscles, and development of a firmer abdomen."<sup>1</sup>

\* As of 12/31/2021 in DTEC

<sup>1</sup> <https://ir.cutera.com/news-releases/news-release-details/cutera-launches-next-gen-rapid-muscle-sculpting-trusculptr-flex>

## ALPS Disruptive Technologies ETF

## DTEC Performance as of 12/31/2021

Total Returns	Cumulative as of 12/31/2021				Annualized as of 12/31/2021			
	1 Mo.	3 Mo.	YTD	S.I.	1 Yr.	3 Yr.	5 Yr.	S.I. <sup>1</sup>
ALPS Disruptive Technologies ETF (Net Asset Value)	0.59%	0.17%	5.05%	95.62%	5.05%	26.67%	N/A	18.22%
ALPS Disruptive Technologies ETF (Market Price) <sup>2</sup>	0.49%	0.13%	5.08%	95.58%	5.08%	26.87%	N/A	18.22%
Indxx Disruptive Technologies Index	0.75%	0.29%	5.54%	99.29%	5.54%	27.31%	N/A	18.77%
Indxx Disruptive Technologies Index - NTR (Benchmark)	0.74%	0.22%	5.39%	97.82%	5.39%	27.08%	N/A	18.55%
Morningstar Global Markets Index - NR	4.01%	6.07%	17.80%	55.54%	17.80%	19.95%	N/A	11.65%

**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 the most current month-end performance data please call 1-866-759-5679 or visit [www.alpsfunds.com](http://www.alpsfunds.com).**

Gross Expense Ratio: **0.50%**

<sup>1</sup> Fund inception date of 12/28/2017.

<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>

ABIOMED INC	1.14%
FORTINET INC	1.14%
BLACK KNIGHT INC	1.12%
NORTONLIFELOCK INC	1.08%
RENISHAW PLC	1.07%
CUTERA INC	1.07%
EQUINIX INC	1.06%
ZSCALER INC	1.06%
ALLEGRO MICROSYSTEMS INC	1.06%
BROOKFIELD RENEWABLE PARTNER	1.06%

<sup>^</sup> Source: Bloomberg as of 12/31/2021, subject to change.

## ALPS Disruptive Technologies ETF

### Important Disclosures & Definitions

**An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus which contains this and other information call 1-866-759-5679 or visit [www.alpsfunds.com](http://www.alpsfunds.com). 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.**

*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.*

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

*Companies that the Index Provider believes are developing disruptive technologies may not in fact do so or may not be able to capitalize on those technologies. Companies that develop disruptive technologies may face political, legal or regulatory challenges. Such companies may also be exposed to risks applicable to industries or sectors other than the disruptive technology Theme for which they are chosen and may underperform relative to other companies that are also focused on a particular Theme.*

*Smaller and mid-size companies often have narrower markets, more limited managerial and financial resources and a less diversified product offering than larger, more established companies. As a result, their performance can be more volatile, which may increase the volatility of the Fund's portfolio.*

*The large capitalization companies in which the Fund invests may underperform other segments of the equity market or the equity market as a whole.*

*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, less liquidity generally, 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. 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.*

*Indxx Disruptive Technologies Index (IDTEC): Based around companies that enter traditional markets with new digital forms of production and distribution, are likely to disrupt an existing market and value network, displace established market leading firms, products and alliances and increasingly gain market share.*

*One may not invest directly in the index.*

*Thematic Investing: Designed to participate in longer term technological disrupters, economic and political developments and social trends.*

*Thematic Alpha: The excess return of an investment relative to the return of a benchmark index that can be attributed to thematic investment strategies.*

*ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS Disruptive Technologies ETF.*

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