

# ALPS Clean Energy ETF

Monthly Insights | March 2022

## Key Takeaways

- The ALPS Clean Energy ETF (ACES) gained 11.67% in March 2022 as clean energy names continue to climb amid global tensions and favorable legislation.
- Electric Vehicles (EV) was the best performing segment this month with five names gaining over 20%.
- Workhorse Group Inc. (**WKHS**; **0.55% weight\***), an EV name, was the top performer in ACES, +59.74%, after reporting strong earnings to start the month.

## Performance Notes

- ALPS Clean Energy ETF (ACES) gained 11.67% in March 2022, outpacing the WilderHill Clean Energy Index (ECO) as clean energy stocks continue to rise amid global tensions between Russia and Ukraine shining a light on the need for less reliance on fossil fuels.
- The Biden administration invoked The Defense Production Act with \$750 million to boost U.S. production of materials needed for Electric Vehicles (EVs) and EV infrastructure. The U.K. government also announced an expansion of EV charging points from 30,000 to 300,000 by 2030 in a clean energy plan worth over 1.5 billion Euros.

## Performance Summary

	Mar-22	YTD	1 Y
ACES (NAV)	11.67%	-1.27%	-18.21%
NACEXT - CIBC Atlas Clean Energy Index - TR	11.68%	-1.24%	-17.94%
ECO - WilderHill Clean Energy Index	9.98%	-8.62%	-32.99%

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](http://www.alpsfunds.com). Performance includes reinvested distributions and capital gains.**

For standardized performance please see page 3.

## Strategy

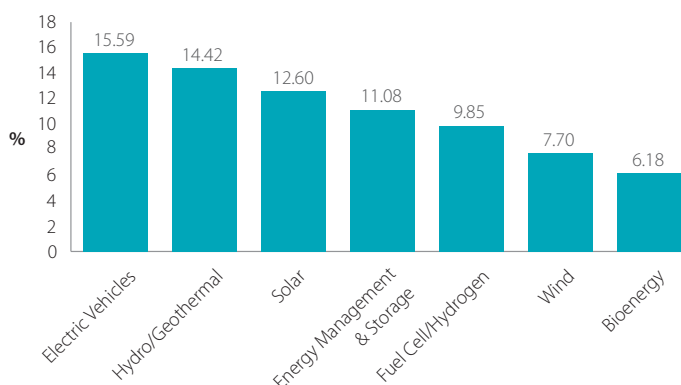
- 7 thematic segments across 2 categories (Renewables and Clean Technology)
- Pure Play: Constituent companies derive a majority of their value from clean energy businesses
- U.S. and Canadian based companies for increased business transparency and reduced volatility



## Attribution

- Electric Vehicles (EV) was ACES best performing segment, while Bioenergy was the laggard, although still +6.18% on the month. Within the Bioenergy segment, Ameresco Inc. (**AMRC**; **1.97% weight\***) climbed 23.74% after securing a credit facility increase and receiving several analyst price target upgrades.
- The EV segment gained +15.59% in March with several names gaining over 20%. Workhorse Group Inc. (**WKHS**; **0.55% weight\***) and ChargePoint Holdings Inc. (**CHPT**; **3.80% weight\***) were the top two performers in the segment, +59.74% and +36.91%, respectively. Workhorse gained on strong earnings including updated guidance higher than estimates and ChargePoint gained on positive legislation in the space, mentioned above.
- Hydro/Geothermal was the second best performing segment, with Ormat Technologies Inc. (**ORA**; **3.02% weight\***) gaining +14.87 on positive management comments for U.S. geothermal growth. Brookfield Renewable Partners (**BEP-U CN**; **4.82% weight\***) also rose +14.16% after announcing a \$300M carbon capture deal.

## ACES Thematic Segment Performance – March 2022



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

**Past performance is no guarantee of future results.**

\* Weight in ACES as of 3/31/2022

## ALPS Clean Energy ETF

### Valuation Update

- ACES's underlying index, the CIBC Atlas Clean Energy Index, has a price-to-earnings ratio (P/E ratio) of 44.12x and a price-to-cash flow ratio of 18.24x.
- ACES ~27% weight to U.S. and Canadian-based utilities is within more expensive Yieldco's, which garner higher P/E's but lower P/CF (Price to Cash Flow) metrics.

### ACES Top/Bottom Performers

March 2022

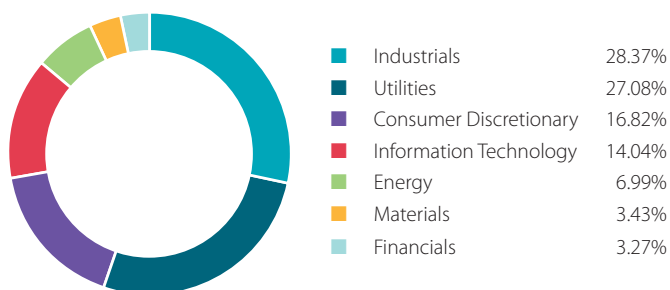
Leaders	Performance	Sub-Segment
WORKHORSE GROUP INC (WKHS US)	59.74%	Electric Vehicles
EOS ENERGY ENTERPRISES INC (EOSE US)	41.72%	Energy Management & Storage
CHARGEPOINT HOLDINGS INC (CHPT US)	36.91%	Electric Vehicles

Laggards	Performance	Theme
VOLTA INC (VLTA US)	-32.22%	Electric Vehicles
PROTERRA INC (PTRR US)	-16.81%	Electric Vehicles
AMERICAN SUPERCONDUCTOR CORP (AMSC US)	-10.37%	Energy Management & Storage

Source: SS&C ALPS Advisors, as of 3/31/2022

**Past performance is no guarantee of future results.**

### Sector Allocations



\* Weight in ACES as of 3/31/2022

### Price Multiples

	NACEXT Index	ECO Index	CELS Index
Price/Earnings Ratio	44.12x	22.84x	38.85x
Price/Cash Flow Ratio	18.24x	22.97x	28.84x
Price/Sales Ratio	4.27x	1.76x	4.31x
Average Market Capitalization (in Mil, \$)	\$73,017	\$20,131	\$116,409

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

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### March 2022 Company Spotlight

Company: **EVgo Inc. (EVGO; 0.72% weight\*)**



Segment:

**Electric Vehicles**

- EVgo is a California-based EV charging station company.
- EVgo was one of the top performers in ACES this month, benefitting from the legislation mentioned above as well as a few key partnerships that were announced in March:
  - A partnership with Rhythm Energy, a renewable energy provider, to provide customers with a credit to use at EVgo's charging stations.
  - Expansion of partnerships with Wawa and Save Mart to provide charging stations at select locations.
  - EVgo was selected to provide twin fast charging hub sites within California in an ongoing partnership with Uber (UBER; not in ACES).
- EVgo also released earnings this month that beat expectations on 70% revenue growth in Q421.

## ALPS Clean Energy ETF

## ALPS Clean Energy ETF (ACES) Performance

Total Returns	Cumulative as of 3/31/2022				Annualized as of 3/31/2022		
	1 M	3 M	YTD	SI <sup>1</sup>	1 Y	3 Y	SI <sup>1</sup>
NAV (Net Asset Value)	11.67%	-1.27%	-1.27%	164.26%	-18.21%	34.36%	29.53%
Market Price	11.55%	-1.23%	-1.23%	164.43%	-18.24%	34.39%	29.55%
CIBC Atlas Clean Energy Index - TR	11.68%	-1.24%	-1.24%	169.92%	-17.94%	34.84%	30.26%
S&P 1000 Index - TR	1.08%	-5.10%	-5.10%	43.26%	3.55%	13.97%	10.04%

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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.

<sup>1</sup> Fund inception date: 6/28/2018

Total Operating Expenses: **0.55%**

## Top 10 Holdings

TESLA INC	5.59%
ENPHASE ENERGY INC	5.56%
PLUG POWER INC	5.40%
FIRST SOLAR INC	5.07%
SUNRUN INC	5.04%
LUCID GROUP INC	4.89%
BROOKFIELD RENEWABLE PARTNER	4.82%
RIVIAN AUTOMOTIVE INC-A	4.61%
NEXTERA ENERGY PARTNERS LP	4.53%
NORTHLAND POWER INC	4.52%

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

Daily holdings are available at [www.alpsfunds.com](http://www.alpsfunds.com).

## ALPS Clean Energy ETF

### Important Disclosures & Definitions

**An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus containing 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.**

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.

There is no assurance that the market developments and sector growth discussed in this Insight will come to pass.

Obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants and general economic conditions can significantly affect companies in the clean energy sector. In addition, intense competition and legislation resulting in more strict government regulations and enforcement policies and specific expenditures for cleanup efforts can significantly affect this sector. Risks associated with hazardous materials, fluctuations in energy prices and supply and demand of alternative energy fuels, energy conservation, the success of exploration projects and tax and other government regulations can significantly affect companies in the clean energy sector. Also, supply and demand for specific products or services, the supply and demand for oil and gas, the price of oil and gas, production spending, government regulation, world events and economic conditions may affect this sector. Currently, certain valuation methods used to value companies involved in the clean energy sector, particularly those companies that have not yet traded publicly, have not been in widespread use for a significant period of time. As a result, the use of these valuation methods may serve to increase further the volatility of certain clean energy company share prices.

The Fund seeks to track the underlying index, which itself may have concentration in certain regions, economies, countries, markets, industries or sectors. Underperformance or increased risk in such concentrated areas may result in underperformance or increased risk in the Fund.

The Fund may be subject to risks relating to its investment in Canadian securities. The Canadian economy may be significantly affected by the US economy, given that the United States is Canada's largest trading partner and foreign investor. Any negative changes in commodity markets could have a great impact on the Canadian economy. Because the Fund will invest in securities denominated in foreign currencies and the income received by the Fund will generally be in foreign currency, changes in currency exchange rates may negatively impact the Fund's return.

Micro-cap stocks involve substantially greater risks of loss and price fluctuations because their earnings and revenues tend to be less predictable (and some companies may be experiencing significant losses), and their share prices tend to be more volatile. The shares of micro-cap companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the future ability to sell these securities.

Smaller and mid-size companies often have a more limited track record, narrower markets, less liquidity, 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 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.

**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.

**Price/Sales (P/S) Ratio:** 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.

**CIBC Atlas Clean Energy Index (NACEX):** an adjusted market cap weighted index designed to provide exposure to a diverse set of US or Canadian based companies involved in the clean energy sector including renewables and clean technology. The clean energy sector is comprised of companies that provide the products and services which enable the evolution of a more sustainable energy sector.

**NASDAQ Clean Edge Green Energy Index (CELS):** a modified market capitalization weighted index designed to track the performance of companies that are primarily manufacturers, developers, distributors and/or installers of clean energy technologies, as defined by Clean Edge.

**S&P 1000 Index:** combines the S&P MidCap 400 and the S&P SmallCap 600 to form an investable benchmark for the mid- to small-cap segment of the US equity market.

**WilderHill Clean Energy Index (ECO):** a modified equal dollar weighted index comprised of publicly traded companies whose businesses stand to benefit substantially from societal transition toward the use of cleaner energy and conservation.

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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