

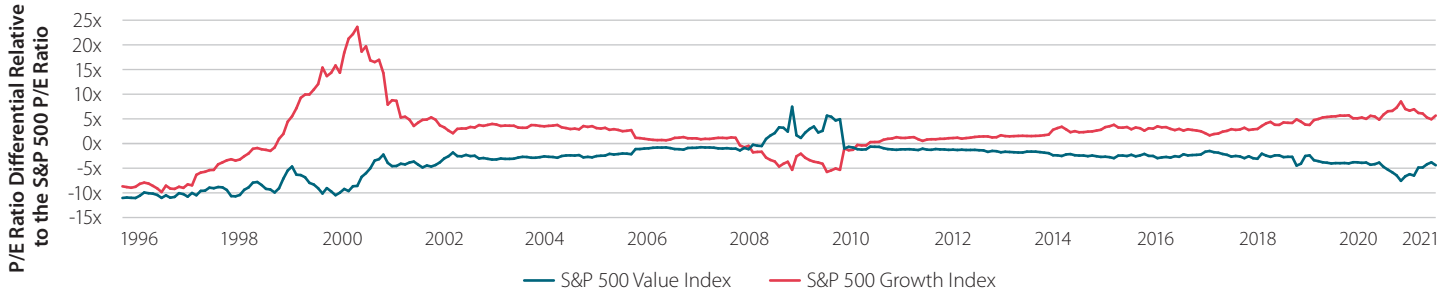
ALPS Sector Dividend Dogs ETF (SDOG)

Anatomy of a Value Cycle | 4/30/21

Do U.S. Large-Cap Value Stocks Look Cheap?

The Price-to-Earnings Ratio (P/E) of value stocks is still at historical lows. The PE ratio on S&P 500 value stocks is nearly **4x** lower than the S&P 500 and nearly **10x** lower than S&P 500 growth stocks. Despite the recent run in value stocks, the last time markets saw these wide valuation differentials was during the early 2000s when a strong cyclical rotation to value occurred that lasted over five years post the dot-com bubble.

Figure 1: P/E Ratio of S&P 500 Growth & Value



Past Performance is not indicative of future results. As of 4/30/21. Source: Bloomberg L.P.

Is the Current Rotation to Value Sustainable?

Over the last 75 years, there have been prolonged periods of outperformance and underperformance between value and growth. Market rotations between growth and value tend to occur at the extremes. Since the early 1980's, value rotations have occurred at increasingly lower levels of return relative to growth. Now that we have breached that trend line recently, we are seeing a reversal that is historically supportive of a sustained value rotation.

Figure 2: Value vs. Growth Relative Returns



Past Performance is not indicative of future results. As of 3/31/21. Source: Fama French 3 Factor. Kevin French's Data Library - Dartmouth College

Playing the Value Cycle with SDOG

Since 2000, for the average value cycle lasting over a year, SDOGX, the index that SDOG tracks, has typically gained nearly 873bps over pure growth during the first 3 months, and 1,155bps over pure growth over the first 6 months of the value rotation. This aggressive rotation is a testament to how fast style shifts can occur in the markets.

Figure 3: Value's Snapback is Fast, Aggressive, & Difficult To Time

Value Cycle		Return of SDOGX		Return of Pure Growth		SDOGX's Outperformance Over Pure Growth		Return of S&P 500		SDOGX's Outperformance Over the S&P 500	
Start Date	End Date	3 Months Into the Cycle	6 Months Into the Cycle	3 Months Into the Cycle	6 Months Into the Cycle	3 Months Into the Cycle	6 Months Into the Cycle	3 Months Into the Cycle	6 Months Into the Cycle	3 Months Into the Cycle	6 Months Into the Cycle
1/2/2001	10/21/2002	4.25%	18.64%	-12.24%	2.68%	16.49%	15.96%	-10.44%	-3.04%	14.69%	21.68%
7/7/2003	5/15/2007	5.37%	21.18%	4.37%	14.21%	1.00%	6.97%	3.92%	13.17%	1.45%	8.01%
7/21/2009	5/14/2010	29.95%	37.52%	19.44%	23.97%	10.51%	13.56%	13.89%	18.19%	16.06%	19.34%
6/15/2012	4/28/2014	9.56%	7.97%	7.47%	5.56%	2.09%	2.41%	9.77%	6.51%	-0.21%	1.46%
1/25/2016	12/6/2016	24.30%	32.65%	9.00%	15.59%	15.30%	17.05%	11.86%	16.82%	12.44%	15.82%
9/1/2020	-	14.16%	28.55%	7.19%	15.20%	6.97%	13.35%	4.28%	11.50%	9.88%	17.05%
Average Return:						8.73%	11.55%	Average Return:		9.05%	13.89%

Past Performance is not indicative of future results. As of 4/30/21. Source: Bloomberg L.P.

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Disclosures & Definitions

Figure 1: Value represented by the S&P 500 Value Index. Growth represented by the S&P 500 Growth Index. P/E Ratio of Value was compared against each month-end snapshot of the P/E Ratio of the S&P 500 Value Index from February 1996 to April 2021.

Figure 2: Value represented as a portfolio of High Book-to-Market stocks and Growth represented as a portfolio of Low Book-to-Market stocks. The chart illustrates the performance of a value portfolio minus a growth portfolio on a three-year annual compounded rolling return basis.

Figure 3: Value is represented by the S-Network Sector Dividend Dogs Index (SDOGX). Growth is represented by the S&P 500 Pure Growth Index.

The S&P 500 Index is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

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. Prior to 12/19/2005 this index represented the S&P 500/Barra Value Index.

The S&P 500 Growth 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. Prior to 12/19/2005 this index represented the S&P 500/Barra Growth 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 U.S. large cap equities with above average dividend yields.

S&P Pure Growth Indices includes only those components of the parent index that exhibit strong growth characteristics, and weights them by growth score.

bps - basis point, 1/100th of 1%.

P/E ratio - price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

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. Read the prospectus carefully before investing.

ETF Shares are not individually redeemable. Investors buy and sell shares of the ETFs 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 Exchange-Traded Funds (ETFs) including the loss of money. Additional information regarding the risks of this investment is available in the prospectus.

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

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