

ALPS Disruptive Technologies ETF

Monthly Insights | February 2021

Key Takeaways

- The ALPS Disruptive Technologies ETF (DTEC) fell -0.71% in February 2021 as tech names sold off on investor uncertainty surrounding lofty valuations amid higher interest rates.
- Mobile Payments was DTEC's best performing theme, with all but two underlying names gaining double digits.
- Itron Inc. (ITRI; **1.30% weight***), a Mobile Payments name, was DTEC's top performer, after a strong earnings report boosted the stock.

Performance

- The ALPS Disruptive Technologies ETF (DTEC) fell -0.71% last month, trailing the Morningstar Global Markets Index (MSGMUSDN) as higher interest rates sparked uncertainty over high tech sector valuations.
- DTEC's underweight to value sectors such as Financials, relative to MSGMUSDN, led to some of the underperformance this month, as did stock selection within the Industrial sector. Proto Labs Inc. (PRLB; **0.93% weight***), an Industrial 3D Printing name, lagged in February. While the company beat analyst expectations on earnings and revenues, the stock was hit as 2021 guidance fell slightly short of expectations, despite usually conservative guidance.

	Feb-21	Year to Date	1 Year
DTEC (NAV)	-0.71%	0.04%	51.43%
IDTEC Index - NTR	-0.66%	0.15%	52.48%
Morningstar Global Markets Index - NR	2.59%	2.27%	30.94%

As of 2/28/2021. 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 844.234.5852. Performance includes reinvested distributions and capital gains.

For standard performance, please see page 3

Strategy

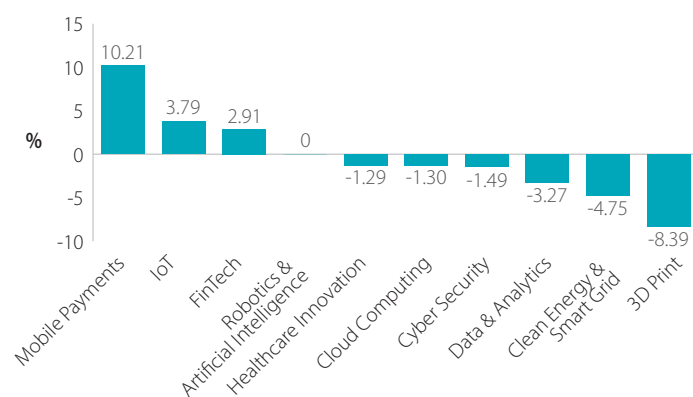
- **Diversification:** Access to 10 Equally Weighted Disruptive Technology Themes
- **Long-term Capital Appreciation:** Thematic Alpha
- **Exposure:** Global All-cap Equity Exposure



Attribution

- Mobile Payments was the leader among DTEC's 10 disruptive technology themes, gaining 10.21%. Nine out of ten securities in the theme gained on the month, with eight seeing double-digit returns with vaccine rollouts continuing to build optimism for increased consumer spending in the near future. 3D Printing lagged this month, as earnings for some big players in the space have not been living up to expectations.
- The Mobile Payments theme led this month, with PagSeguro Digital Ltd. (PAGS; **1.17% weight***) leading the charge. The Brazil based financial services company started the month by receiving a price target upgrade by JP Morgan who cited their optimism over growth potential for PagSeguro's digital bank. The company also reported earnings that beat expectations.
- Internet of Things (IoT) was the second best performing theme in DTEC, led by Itron Inc. (ITRI; **1.30% weight***) and Silicon Laboratories Inc. (SLAB; **1.21% weight***). Itron gained on strong earnings and Silicon Labs gained after announcing they are exploring a sale of their analog chip division, worth a potential \$2-3 billion.

DTEC Theme Performance - February 2021



Source: Bloomberg, as of 2/28/21.

Past performance does not guarantee future results

* Weight in DTEC as of 2/28/2021

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Valuation

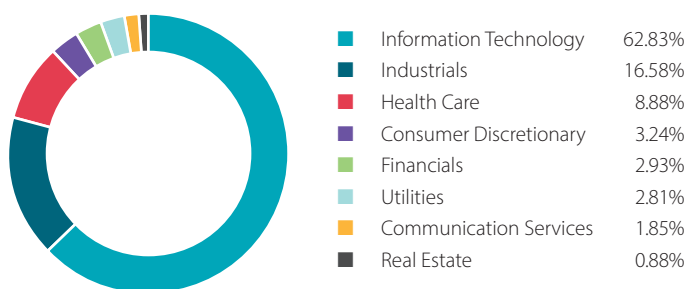
- As of the end of February 2021, DTEC's underlying index (IDTEC) had a price-to-earnings ratio (P/E ratio) of 48.89x and a price-to-cashflow ratio of 16.96x.

DTEC Top/Bottom Performers February 2021

Leaders	Performance	Theme
ITRON INC (ITRI US)	36.29%	IoT
FARO TECHNOLOGIES INC (FARO US)	32.44%	3D Printing
DYNATRACE INC (DT US)	19.87%	Robotics & Artificial Intelligence
Laggards	Performance	Theme
PROTO LABS INC (PRLB US)	-31.22%	3D Printing
MATERIALISE NV-ADR (MTLS US)	-30.30%	3D Printing
FIRST SOLAR INC (FSLR US)	-18.29%	Clean Energy & Smart Grid

Past performance is not indicative of future returns

Sector Allocations



Price Multiples

	IDTEC Index	Morningstar Global Markets Index
Price/Earnings Ratio	48.89x	24.45x
Price/Cash Flow Ratio	16.96x	7.54x
Price/Sales Ratio	5.55x	1.97x
Average Market Capitalization (in Mil, \$)	48,134	262,961

Source: Morningstar, as of 2/28/2021

February 2021 Company Snapshot

Company: **Faro Technologies (FARO; 1.26% weight*)**



Theme:
3D Printing

- Faro Technologies is a Florida based maker of software and measurement devices.
- While the rest of the 3D Printing theme lagged in February, Faro gained 32.44% after posting impressive earnings. The company beat expectations for revenues and earnings, leading to a price target raise by an analyst at Craig-Hallum, citing promising growth potential.
- Faro also announced two new Environmental, Social and Governance (ESG) goals. The first being to reduce carbon emissions by 25% by 2025 and second, to increase partnerships in Science, Technology, Engineering & Mathematics (STEM) in middle and high school education. "FARO is deeply committed to practicing good citizenship and global sustainability and we have a strong history of addressing ESG issues that impact the organization, our customers and the communities we serve around the globe."¹

* As of 2/28/2021 in DTEC

¹ <https://www.faro.com/en/About-Us/Investor-Relations/Financial-Releases>

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DTEC Performance as of 2/28/2021

Total Returns	Cumulative as of 2/28/2021				Annualized as of 12/31/2020			
	1 Mo.	3 Mo.	YTD	S.I.	1 Yr.	3 Yr.	5 Yr.	S.I. ¹
ALPS Disruptive Technologies ETF (Net Asset Value)	-0.71%	7.86%	0.04%	86.29%	44.25%	23.22%	N/A	22.96%
ALPS Disruptive Technologies ETF (Market Price) ²	-0.77%	7.92%	0.22%	86.53%	44.01%	23.07%	N/A	22.94%
Indxx Disruptive Technologies Index	-0.65%	7.99%	0.16%	89.14%	45.19%	23.79%	N/A	23.53%
Indxx Disruptive Technologies Index - NTR (Benchmark)	-0.66%	7.97%	0.15%	87.98%	44.83%	23.54%	N/A	23.28%
Morningstar Global Markets Index - NR	2.59%	7.24%	2.27%	35.04%	16.07%	9.73%	N/A	9.68%

Performance data quoted represents past performance, which is not a guarantee of future results. Current performance may be lower or higher than the performance quoted. You can obtain performance data current to the most recent month end by calling (866)759-5679 or www.alpsfunds.com. The investment return and principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.

Gross Expense Ratio: **0.50%**

¹ Fund inception date of 12/28/2017

² 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 (%)[^]

CHINA LONGYUAN POWER GROUP-H	1.78%
STRATASYS LTD	1.74%
IROBOT CORP	1.52%
ITRON INC	1.30%
XINJIANG GOLDWIND SCI&TEC-H	1.29%
FARO TECHNOLOGIES INC	1.26%
FORTINET INC	1.24%
SILICON LABORATORIES INC	1.21%
DYNATRACE INC	1.21%
AFTERPAY LTD	1.21%

[^] Source: Bloomberg as of 2/28/21, subject to change

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Important Disclosures & 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 866.759.5679 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

ALPS Disruptive Technologies ETF Shares are not individually redeemable. Investors buy and sell shares of the ALPS Disruptive Technologies 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.

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

Diversification does not eliminate the risk of experiencing investment losses.

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.

One cannot invest directly in an index.

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

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. Index Disruptive Technologies Index is 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.

The Morningstar® Global Markets Index consists of liquid equities that provide investors with accurate benchmarks for performance measurement, as well as offering discrete building blocks for portfolio construction. These indexes provide an accurate, comprehensive depiction of the performance and fundamental characteristics of global equity markets through a comprehensive portfolio of accessible and liquid stocks.

The Fund employs a "passive management"- or indexing - investment approach and seeks to track the investment results of an index composed of global companies that enter traditional markets with new digital forms of production and distribution, and are likely to disrupt an existing market or value network. Unlike many investment companies, the Fund is not "actively" managed. Therefore, it would not necessarily sell a security because the security's issuer was in financial trouble unless that security is removed from the Index Disruptive Technologies Index. Similarly, the Fund does not buy a security because the security is deemed attractive unless that security is added to the Index Disruptive Technologies Index.

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

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