

ALPS Clean Energy ETF

Monthly Insights | February 2021

Key Takeaways

- The ALPS Clean Energy ETF (ACES) fell 11.70% in February 2021 as investors weighed lofty valuations in the space, amid higher interest rates, leading to a sell-off with many growth stocks.
- Efficiency/LED/Smart Grid was the best performing segment, with two names gaining over 10%
- Itron Inc. (ITRI; 4.20% weight*), an Efficiency/LED/Smart Grid name, was the top performer in ACES, +36.29% after posting strong earnings and receiving several price target upgrades as a result.

Performance

- The ALPS Clean Energy ETF (ACES) fell 11.70% in February 2021, trailing the WilderHill Clean Energy Index (ECO) due in part to its allocation to utilities (Yieldco's). Many utilities names took a hit this month due to concerns on rising interest rates and the big storm in Texas causing uncertainty on the financial impact for exposed companies.
- US President Biden issued an executive order to review the supply chain for Electric Vehicles (EVs) as a worldwide shortage of semiconductors showed the issue of reliance on foreign suppliers for critical infrastructure. The order seeks to investigate raw materials required to build EV components including batteries, rare earth minerals, and semiconductors, which applies to advanced battery production like those used in EVs. The order will be subject to a 100 day review and seeks to ensure American supply chain resiliency and promote growth in the US. US Government agencies will also complete sector-specific reviews in defense, public health, communications technology, transportation, energy and food production within one year.

	Feb-21	Year to Date	1 Year
ACES (NAV)	-11.70%	1.45%	120.71%
NACEXT-CIBC Atlas Clean Energy Index	-11.68%	1.52%	121.68%
ECO-WilderHill Clean Energy Index	-9.67%	4.54%	189.06%

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

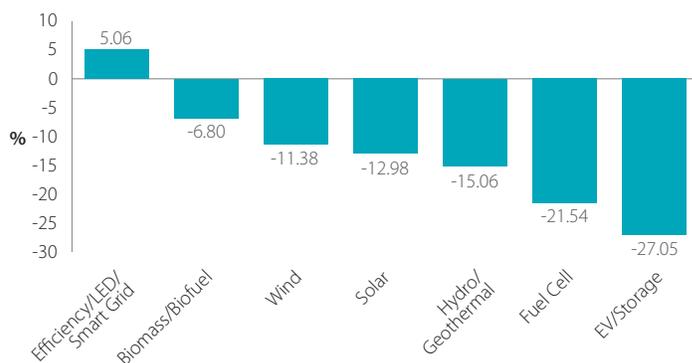
- 7 thematic segments across 2 categories (Renewables and Clean Technology)
- Pure Play: Constituent companies derive a majority of their value from clean energy businesses
- U.S. and Canadian based companies for increased business transparency and reduced volatility



Attribution

- Efficiency/LED/Smart Grid was ACES best performing and only segment in the green, gaining 5.06%. EV/Storage was the laggard, down 27.05%, with Workhorse Group (WKHS; 1.62% weight*) falling sharply after not being selected for the USPS contract, although the decision is under scrutiny and could be re-opened.
- The Efficiency/LED/Smart Grid segment had the two top performing securities this month with Itron (ITRI; 4.20% weight*) and Cree (CREE; 5.19% weight*). ITRI is highlighted below in the "Company Snapshot" and CREE received several analyst upgrades this month on tailwinds for its silicon carbide business, which is used in a number of emerging technologies.
- Enviva Partners (EVA; 1.24% weight*) was the best performer in the Biomass/Biofuel Segment in February. The manufacturer of biomass fuel announced this month that by 2030, they plan to achieve net-zero greenhouse gas emissions within their operations.

ACES Thematic Segment Performance - February 2021



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

Past performance does not guarantee future results

* Weight in ACES as of 2/28/2021

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Valuation

- ACES's underlying index, the CIBC Atlas Clean Energy Index, has a price-to-earnings ratio (P/E ratio) of 45.51x and a price-to-cashflow ratio of 14.50x.
- ACES ~29% weight to 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 February 2021

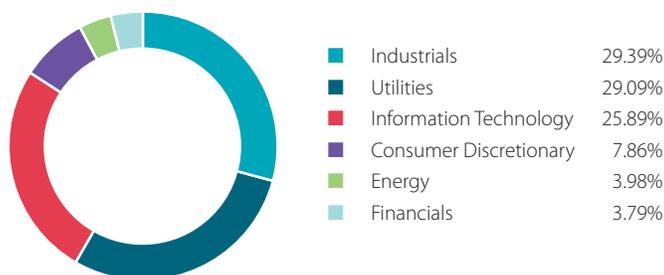
Leaders	Performance	Sub Segment
ITRON INC (ITRI US)	36.29%	Efficiency/LED/ Smart Grid
CREE INC (CREE US)	12.25%	Efficiency/LED/ Smart Grid
ENVIVA PARTNERS LP (EVA US)	8.06%	Biomass/Biofuel

Laggards	Performance	Theme
WORKHORSE GROUP INC (WKHS US)	-52.88%	EV/Storage
SUNPOWER CORP (SPWR US)	-35.62%	Solar
BEAM GLOBAL (BEEM US)	-25.78%	EV/Storage

ALPS as of 2/28/2021.

Past performance is not indicative of future results.

Sector Allocations



Price Multiples

	NACEXT Index	ECO index	CELS index
Price/Earnings Ratio	45.51x	37.27x	53.39x
Price/Cash Flow Ratio	14.50x	17.50x	24.29x
Price/Sales Ratio	4.24x	2.29x	5.02x
Average Market Capitalization (in Mil, \$)	\$39,998	\$20,335	\$66,929

Source: Bloomberg, as of 2/28/2021

February 2021 Company Snapshot

Company: **Itron Inc.**
(ITRI; 4.20% weight*)



Segment:
Efficiency/LED/Smart Grid

- Itron provides solutions for monitoring and analyzing electric, gas, and water usage data.
- Itron announced earnings toward the end of the month that impressed investors, leading to several price target upgrades by analysts who believe the stock has plenty of room to grow. An earnings beat and solid 2021 guidance highlighted the report, with the company citing bookings with Avangrid (AGR; not in ACES) as a major factor in their increase in bookings for the fourth quarter. Avangrid is an energy and utility company that mostly services the Northeast.
- The Washington based company also started the month by announcing an expanded relationship with Bsquare (BSQR; not in DTEC) and their distributed Intelligence (DI) app store. The store contains Itron and 3rd party applications to help connect to Itron's ecosystem of partners.

* As of 2/28/2021 in ACES

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ACES 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.	S.I. ¹
ALPS Clean Energy ETF (Net Asset Value)	-11.70%	15.91%	1.45%	236.52%	139.96%	61.25%
ALPS Clean Energy ETF (Market Price)	-11.68%	15.75%	1.22%	236.31%	139.56%	61.36%
CIBC Atlas Clean Energy Index (Benchmark)	-11.68%	16.04%	1.52%	242.56%	140.98%	62.36%
S&P 1000 Total Return Index	7.06%	17.97%	10.20%	32.72%	12.98%	7.69%

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: **0.55%**

¹ Fund inception date of 6/28/2018

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 (%)^

PLUG POWER INC	8.32%
ENPHASE ENERGY INC	5.77%
BALLARD POWER SYSTEMS INC	5.61%
CREE INC	5.19%
NEXTERA ENERGY PARTNERS LP	4.86%
TESLA INC	4.82%
SUNRUN INC	4.63%
BROOKFIELD RENEWABLE PARTNER	4.62%
ITRON INC	4.20%
NORTHLAND POWER INC	4.14%

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

Holdings subject to change.

Daily holdings are available on the Alpsfunds.com website.

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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 Clean Energy 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.

Clean Energy Sector Risk. 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.

Concentration Risk. 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.

Canadian Investment Risk. The fund may be subject to risks relating to its investment in Canadian securities. The Canadian economy may be significantly affected by the U.S. 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-Capitalization Company Risk. 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.

Small- and Mid-Capitalization Company Risk. Smaller and mid-size companies often have 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.

Large Capitalization Company Risk. The large capitalization companies in which the Fund invests may underperform other segments of the equity market or the

equity market as a whole. **NACEX Index** – The CIBC Atlas Clean Energy Index is an adjusted market cap weighted index designed to provide exposure to a diverse set of U.S. or Canadian based companies involved in the clean energy sector including renewables and clean technology.

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.

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.

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.

The NASDAQ Clean Edge U.S. Liquid Series Indexes are modified market capitalization weighted indexes designed to track the performance of clean-energy companies that are publicly traded in the U.S.

The WilderHill Clean Energy Index is a modified equal dollar weighted index comprised of publicly traded companies whose business's stand to benefit substantially from societal transition toward the use of cleaner energy and conservation. The index benchmark value is 100.00 at the close of trading on December 30, 2002. * Disseminated by AMEX *

The 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 U.S. equity market.

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 CIBC Atlas Clean Energy Index. Similarly, the Fund does not buy a security because the security is deemed attractive unless that security is added to CIBC Atlas Clean Energy Index.

The inclusion or exclusion of a company in the CIBC Atlas Clean Energy Index is not a recommendation to buy or to sell securities, and not an offer to buy or sell securities.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS Clean Energy ETF.

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