

# ALPS Disruptive Technologies ETF

Monthly Insights | October 2020

## Key Takeaways

- The ALPS Disruptive Technologies ETF (DTEC) fell 2.13% in October 2020, as the markets had a tumultuous selloff to end the month amid the COVID-19 pandemic and election uncertainty.
- Clean Energy & Smart Grid was DTEC's best performing theme, with several names gaining over 5%.
- Clean Energy & Smart Grid name, Xinjiang Goldwind Science & Technology (**2208 HK; 1.61% weight\***), was DTEC's top performer, driven by the announcement of an aggressive plan for new wind installations in China.

## Performance

- The ALPS Disruptive Technologies ETF (DTEC) fell 2.13% last month, slightly beating the Morningstar Global Markets Index (MSGMUSDN), as investors sold off on COVID-19 pandemic uncertainty and the impending election. Year to date, DTEC continues to lead MSGMUSDN by 18.79%.
- Stock selection within the industrials sector led to some outperformance. Industrials name, AeroVironment (**AVAV; 1.19% weight\***), gained 27.25% this month after an upgrade from an analyst at William Blair. The upgrade came as the drone maker announced a successful test flight of their Sun glider. A "solar-powered high-altitude pseudo-satellite (HAPS) achieved key test milestones, including reaching an altitude of more than 60,000 feet above sea level and successfully demonstrating mobile broadband communication". The zero emission aircraft are powered by solar panels and have a wingspan of 262 feet.

	Oct-20	Year to Date	1 Year
DTEC (NAV)	-2.13%	17.09%	26.44%
IDTEC Index - NTR	-2.13%	17.46%	26.91%
Morningstar Global Markets Index - NR	-2.19%	-1.70%	4.22%

As of 10/31/2020. **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

- Clean Energy & Smart Grid was once again the leader among DTEC's 10 disruptive themes this month, up 8.10%. Just as it did last month, the resilient theme continued to perform strongly despite the markets finishing in the red the past two months. Cloud Computing was the laggard as SAP SE (**SAP; 0.67% weight\***) fell 31.44% in October after lowering their sales forecast due to the pandemic.
- Clean Energy & Smart Grid was the best performing theme in DTEC, with Xinjiang Goldwind Science & Technology (**2208 HK; 1.61% weight\***) & First Solar (**FSLR; 1.25% weight\***) leading. 2208 HK is highlighted below and First Solar gained on stellar earnings that saw sales increase nearly 70% year over year and the reinstating of full-year guidance that was initially lowered due to the pandemic.
- Align Technology (**ALGN; 1.30% weight\***), was the third best performing security in DTEC this month after posting impressive earnings. The Healthcare Innovation name announced earnings that were more than four times as high as expected, with analysts citing their successful social media campaign for their Invisalign product that was able to generate a 118% year over year increase in total leads, as one of the main drivers.

## DTEC Theme Performance - October 2020



Source: Bloomberg, as of 10/31/20.

**Past performance does not guarantee future results**

\* Weight in DTEC as of 10/31/2020

<sup>1</sup> <https://www.avinc.com/resources/press-releases/view/aerovironment-successfully-completes-sunlider-solar-haps-stratospheric-tes>

# ALPS Disruptive Technologies ETF

## Valuation

- As of the end of October 2020, DTEC's underlying index (IDTEC) had a price-to-earnings ratio (P/E ratio) of 39.33x and a price-to-cashflow ratio of 14.89x.

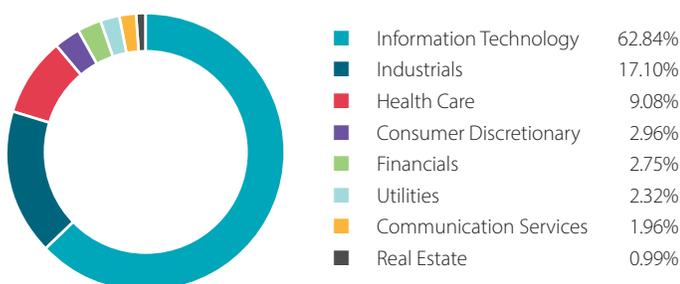
## DTEC Top/Bottom Performers October 2020

Leaders	Performance	Theme
XINJIANG GOLDWIND SCI&TEC-H (2208 HK)	50.80%	Clean Energy & Smart Grid
FIRST SOLAR INC (FSLR US)	31.49%	Clean Energy & Smart Grid
ALIGN TECHNOLOGY INC (ALGN US)	30.16%	Healthcare Innovation

Laggards	Performance	Theme
SUNRUN INC (RUN US)	-32.50%	Clean Energy & Smart Grid
SAP SE-SPONSORED ADR (SAP US)	-31.44%	Cloud Computing
DEXCOM INC (DXCM US)	-22.48%	Healthcare Innovation

*Past performance is not indicative of future returns*

## Sector Allocations



## Price Multiples

	IDTEC Index	Morningstar Global Markets Index
Price/Earnings Ratio	39.33x	21.88x
Price/Cash Flow Ratio	14.89x	7.24x
Price/Sales Ratio	4.52x	1.64x
Average Market Capitalization (in Mil, \$)	40,758	248,781

Source: Morningstar, as of 10/31/2020

## October 2020 Company Snapshot

**Company:** Xinjiang Goldwind Science & Technology (2208 HK; 1.61% weight\*)



**Theme:**  
Clean Energy & Smart Grid

- Xinjiang Goldwind Science & Technology is a wind turbine manufacturer, based in China.
- The Clean Energy & Smart Grid name finished October as the top performer in DTEC, as favorable policy in China was proposed:
  - More than 400 wind power companies in China proposed, at a conference this month, to have new installations of at least 50GW of wind capacity through 2025 to help reach China's 2060 carbon neutral goal.
- 2019 saw China reach 210GW of installs, with 3000 expected by 2060. Xinjiang Goldwind, as the largest producer of wind turbines in China, is in prime position to benefit from this uptick in production.

\* As of 10/31/2020 in DTEC

## ALPS Disruptive Technologies ETF

## DTEC Performance as of 10/31/2020

Total Returns	Cumulative as of 10/31/2020				Annualized as of 9/30/2020			
	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)	-2.13%	1.35%	17.09%	51.14%	33.21%	N/A	N/A	17.08%
ALPS Disruptive Technologies ETF (Market Price) <sup>2</sup>	-2.08%	1.34%	17.22%	51.50%	33.22%	N/A	N/A	17.16%
Indxx Disruptive Technologies Index	-2.13%	1.38%	17.72%	53.11%	34.04%	N/A	N/A	17.63%
Indxx Disruptive Technologies Index - NTR (Benchmark)	-2.13%	1.36%	17.46%	52.22%	33.67%	N/A	N/A	17.38%
Morningstar Global Markets Index - NR	-2.19%	0.52%	-1.70%	11.82%	9.54%	N/A	N/A	4.98%

**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](http://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%**

<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>

XINJIANG GOLDWIND SCI&TEC	1.61%
XINYI SOLAR HOLDINGS LTD	1.56%
SOLAREDGE TECHNOLOGIES INC	1.38%
ALIGN TECHNOLOGY INC	1.30%
FIRST SOLAR INC	1.25%
BROOKFIELD RENEWABLE PARTNERS	1.22%
GMO PAYMENT GATEWAY INC	1.22%
AFTERPAY LTD	1.22%
DIASORIN SPA	1.22%
ZOOM VIDEO COMMUNICATIONS	1.20%

<sup>^</sup> Source: Bloomberg as of 10/31/20, 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 contain this and other information call 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 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.*

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

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