

# ALPS Disruptive Technologies ETF

Monthly Insights | September 2020

## Key Takeaways

- The ALPS Disruptive Technologies ETF (DTEC) fell 1.33% in September 2020, as technology stocks got hit hard amid a selloff spurred by investors questioning tech's high valuations.
- Clean Energy & Smart Grid was DTEC's best performing theme, with all but two underlying names in the green.
- Internet of Things (IoT) name, ams AG. (**AMS SW; 1.21% weight\***), was DTEC's top performer, driven by investor optimism over their potential acquisition of OSRAM Licht AG (**OSR GR; not in DTEC**).

## Performance

- The ALPS Disruptive Technologies ETF (DTEC) fell 1.33% last month, but still outpaced the Morningstar Global Markets Index (MSGMUSDN). Year to date, DTEC continues to lead MSGMUSDN by 19.14%.
- Stock selection within the Utilities sector led to some outperformance. Brookfield Renewable Partners (**BEP-U CN; 1.15% weight\***) gained almost 16% this month after a few analysts raised their price targets for the hydroelectric company towards the end of the month. Analysts cite the promising future opportunities in the space, and the company's position to capture them, as the reason for the upgrade.
- DTEC reconstituted this month, adding 15 names and dropping 15. Sunrun Inc. (**RUN; 1.32% weight\***) led all new additions in performance for the month of September, +26.63%. This month, Sunrun inked a deal with California to build solar projects on the state's low-income housing that will save on energy costs for residents.

	Sep-20	Year to Date	1 Year
DTEC (NAV)	-1.33%	19.64%	33.21%
IDTEC Index - NTR	-1.33%	20.02%	33.67%
Morningstar Global Markets Index - NR	-3.10%	0.50%	9.54%

As of 9/30/2020. **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

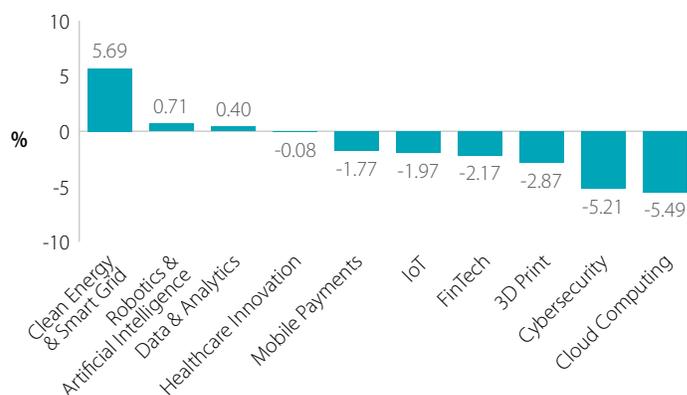


## Attribution

- Clean Energy & Smart Grid was the leader among DTEC's 10 disruptive themes this month, up 5.69%. Cloud Computing was the laggard, dragged down by work from home (WFH) names like Salesforce.com Inc. (**CRM; 0.98% weight\***) and Workday Inc. (**WDAY; 1.00% weight\***) having a down month as investors weigh their valuations of some big tech names.
- Clean Energy & Smart Grid was the best performing theme in DTEC, with recent new additions to the fund, Sunrun Inc. (**RUN; 1.32% weight\***) & Xinyi Solar Holdings (**968 HK; 1.33% weight\***), leading the charge. Sunrun was mentioned above and Xinyi Solar gained on higher glass prices and potential beneficial Chinese government policies in the works.
- Ams AG (**AMS SW; 1.21% weight\***), an IoT name, was the top performing security in the fund in September. The sensor manufacturer gained on optimism surrounding a proposed deal to acquire OSRAM Licht AG (OSR GR; not in DTEC) and they also introduced a new optical sensor. In an industry first, it allows for sensors currently found on the bezel of a screen to be placed behind the screen, allowing for potential breakthrough designs.

\* Weight in DTEC as of 9/30/2020

## DTEC Theme Performance - September 2020



Source: Bloomberg, as of 9/30/2020.

**Past performance does not guarantee future results**

# ALPS Disruptive Technologies ETF

## Valuation

- As of the end of September 2020, DTEC's underlying index (IDTEC) had a price-to-earnings ratio (P/E ratio) of 40.29x and a price-to-cashflow ratio of 16.00x.

## DTEC Top/Bottom Performers September 2020

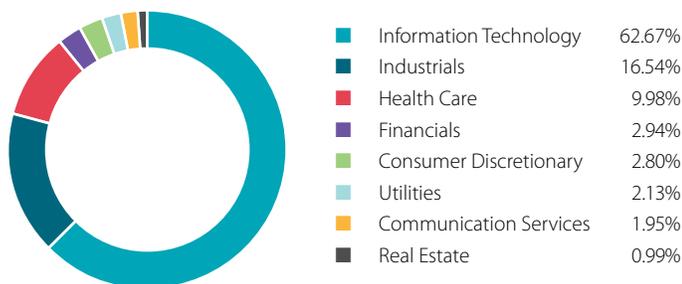
Leaders	Performance	Theme
AMS AG (AMS SW)	28.39%	IoT
SUNRUN INC (RUN US)	26.63%	Clean Energy & Smart Grid
DATADOG INC - CLASS A (DDOG US)	19.22%	Data & Analytics

Laggards	Performance	Theme
ADT INC (ADT US)	-22.99%	IoT
AEROVIRONMENT INC (AVAV US)	-21.44%	Robotics & Artificial Intelligence
TEMENOS AG - REG (TEMN SW)	-16.52%	FinTech

Source: ALPS as of 9/30/2020

Past performance is not indicative of future returns

## Sector Allocations



## Price Multiples

	IDTEC Index	Morningstar Global Markets Index
Price/Earnings Ratio	40.29x	22.34x
Price/Cash Flow Ratio	16.00x	7.38x
Price/Sales Ratio	4.66x	1.66x
Average Market Capitalization (in Mil, \$)	45,159	257,066

Source: Morningstar, as of 9/30/2020

## September 2020 Company Snapshot

Company: **Datadog Inc. (DDOG; 1.22% weight\*)**



Theme:  
**Data & Analytics**

- Datadog, added to DTEC in the recent September reconstitution, is a cloud application monitoring service based in New York.
- Datadog was the 3rd best performing security in the fund, after gaining 19.22% since it was added to the fund on September 18th.
  - At the tail end of the month, it was announced that they will be partnering with Microsoft's (MSFT: not in DTEC) Azure service. "This means that Azure customers will be able to implement Datadog as a monitoring solution for their cloud workloads through new streamlined workflows that cover everything from procurement to configuration."<sup>1</sup> – according to the press release.
  - This partnership spurred several price target increases for the company, and is the first time a third party service has integrated with Azure.
- Datadog is up about 170% year to date and just over 200% since its Initial Public Offering (IPO) in September of 2019.

<sup>1</sup> <https://investors.datadoghq.com/news-releases/news-release-details/datadog-and-microsoft-announce-strategic-partnership>

\* As of 9/30/2020 in DTEC

## ALPS Disruptive Technologies ETF

## DTEC Performance as of 9/30/2020

Total Returns	Cumulative as of 9/30/2020				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)	-1.33%	11.32%	19.64%	54.44%	33.21%	N/A	N/A	17.08%
ALPS Disruptive Technologies ETF (Market Price) <sup>2</sup>	-1.31%	11.36%	19.71%	54.72%	33.22%	N/A	N/A	17.16%
Indxx Disruptive Technologies Index	-1.32%	11.56%	20.29%	56.45%	34.04%	N/A	N/A	17.63%
Indxx Disruptive Technologies Index - NTR (Benchmark)	-1.33%	11.54%	20.02%	55.54%	33.67%	N/A	N/A	17.38%
Morningstar Global Markets Index - NR	-3.10%	8.01%	0.50%	14.32%	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>

XINYI SOLAR HOLDINGS LTD	1.33%
SUNRUN INC	1.32%
SOLAREDGE TECHNOLOGIES INC	1.23%
DATADOG INC - CLASS A	1.22%
AMS AG	1.21%
ZOOM VIDEO COMMUNICATIONS	1.18%
BROOKFIELD RENEWABLE PARTNERS	1.15%
SQUARE INC - A	1.11%
RENISHAW PLC	1.10%
ADYEN NV	1.10%

<sup>^</sup> as of 9/30/2020, 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.*

*The fund is new and has limited operating history.*

*Price/Earnings Ratio - A valuation ratio of a company's current share price compared to its per-share earnings.*

*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.*

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

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