

# ALPS Disruptive Technologies ETF

Monthly Insights | December 2020

## Key Takeaways

- The ALPS Disruptive Technologies ETF (DTEC) gained 7.81% in December 2020, as markets rallied to close out the year and COVID vaccines began to roll out.
- Cyber Security was DTEC's best performing theme, with all 10 names positive as the massive SolarWinds hack sprung cyber security into the spotlight.
- Clean Energy & Smart Grid name, Xinyi Solar Holdings (**968 HK; 1.43% weight\***), was DTEC's top performer, after strong solar demand and favorable policy in China drove the name +43.17%.

## Performance

- The ALPS Disruptive Technologies ETF (DTEC) gained 7.81% last month, beating the Morningstar Global Markets Index (MSGMUSDN), as COVID vaccine rollout spurred investor's hopes for economic recovery.
- DTEC's overweight to Information Technology and Industrials names, relative to MSGMUSDN, led to outperformance this month. One such technology security was Alarm.com Holdings (**ALRM; 1.23% weight\***), which gained 36.28%. The IoT firm gained in part this month after acquiring Shooter Detection Systems, developer of a system that use sensors to help detect active shooting incidents for quicker response times.

|                                       | Dec-20 | Year to Date | 1 Year |
|---------------------------------------|--------|--------------|--------|
| DTEC (NAV)                            | 7.81%  | 44.25%       | 44.25% |
| IDTEC Index - NTR                     | 7.81%  | 44.83%       | 44.83% |
| Morningstar Global Markets Index - NR | 4.86%  | 16.07%       | 16.07% |

As of 12/31/2020. **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

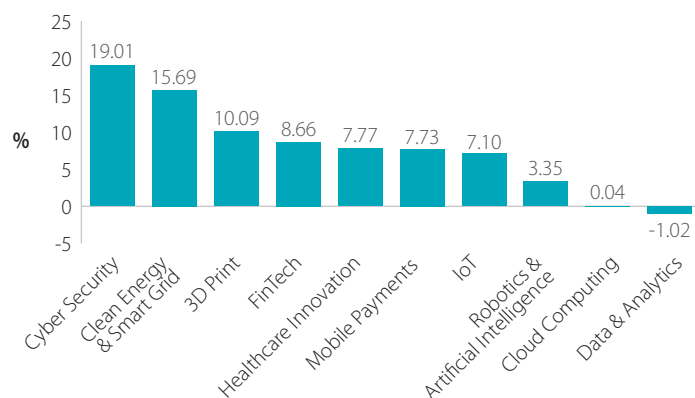
- Diversification: Access to 10 Equally Weighted Disruptive Technology Themes
- Long-term Capital Appreciation: Thematic Alpha
- Exposure: Global All-cap Equity Exposure



## Attribution

- Cyber Security was the leader among DTEC's 10 disruptive themes, gaining +19.01% in December, while Data & Analytics was the laggard, although only down -1.02%. The Cyber Security space saw a boost this month after the massive SolarWinds hack shined a light on the ever-growing importance of strong cyber security for companies and individuals.
- Within the Cyber Security theme, CrowdStrike Holdings Inc. (**CRWD; 1.10% weight\***), gained 38.19% on several pieces of good news and is highlighted below in the Company Snapshot. Proofpoint Inc. (**PFPT; 1.11% weight\***) also rose over 30% in December along with the rest of the space and received price target raises from several analysts.
- Clean Energy & Smart Grid name, Xinyi Solar Holdings (**968 HK; 1.43% weight\***), was the best performing security in DTEC this month, with the solar glass manufacturer skyrocketing 43.17%. Favorable policy signaling by Chinese officials and strong demand for renewable energy propelled the stock forward this month.

## DTEC Theme Performance - December 2020



Source: Bloomberg, as of 12/31/20.

**Past performance does not guarantee future results**

\* Weight in DTEC as of 12/31/2020

# ALPS Disruptive Technologies ETF

## Valuation

- As of the end of December 2020, DTEC's underlying index (IDTEC) had a price-to-earnings ratio (P/E ratio) of 49.07x and a price-to-cashflow ratio of 17.45x.

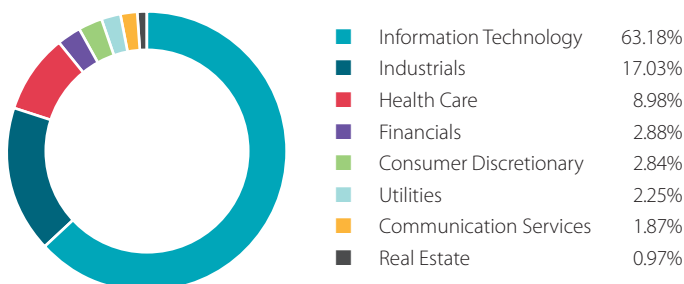
## DTEC Top/Bottom Performers December 2020

| Leaders                                | Performance | Theme                     |
|--|-------------|---------------------------|
| XINYI SOLAR HOLDINGS LTD (968 HK)      | 43.17%      | Clean Energy & Smart Grid |
| CROWDSTRIKE HOLDINGS INC - A (CRWD US) | 38.19%      | Cyber Security            |
| ALARM.COM HOLDINGS INC (ALRM US)       | 36.28%      | IoT                       |

| Laggards                            | Performance | Theme            |
|-------------------------------------|-------------|------------------|
| ZOOM VIDEO COMMUNICATIONS-A (ZM US) | -29.48%     | Cloud Computing  |
| SPLUNK INC (SPLK US)                | -16.79%     | Data & Analytics |
| AMS AG (AMS SW)                     | -14.40%     | IoT              |

*Past performance is not indicative of future returns*

## Sector Allocations



## Price Multiples

|  | IDTEC Index | Morningstar Global Markets Index |
|--|-------------|----------------------------------|
| Price/Earnings Ratio                       | 49.07x      | 24.63x                           |
| Price/Cash Flow Ratio                      | 17.45x      | 7.54x                            |
| Price/Sales Ratio                          | 5.57x       | 1.89x                            |
| Average Market Capitalization (in Mil, \$) | 49,282      | 273,809                          |

Source: Morningstar, as of 12/31/2020

## December 2020 Company Snapshot

**Company:** CrowdStrike Holdings Inc. (CRWD; 1.10% weight\*)



**Theme:**  
Cyber Security

- CrowdStrike is a cyber security holding company, headquartered in California.
- The Solarwinds cyber-attack, discovered recently, targeted government and private agencies alike. While the scale is not yet fully known, the attack highlighted the importance of cyber security, sending names in the space higher.
- CrowdStrike announced that hackers had made a failed attempt to breach CrowdStrike emails a few months ago and were not impacted by the larger attack.
- BTIG upgraded the company's price target after a strong month to end the year.

\* As of 12/31/2020 in DTEC

## ALPS Disruptive Technologies ETF

## DTEC Performance as of 12/31/2020

| Total Returns  | Cumulative<br>as of 12/31/2020 |        |        |        | Annualized<br>as of 12/31/2020 |        |       |                   |
|--|--------------------------------|--------|--------|--------|--------------------------------|--------|-------|-------------------|
|  | 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)           | 7.81%                          | 20.57% | 44.25% | 86.21% | 44.25%                         | 23.22% | N/A   | 22.96%            |
| ALPS Disruptive Technologies ETF (Market Price) <sup>2</sup> | 7.69%                          | 20.30% | 44.01% | 86.13% | 44.01%                         | 23.07% | N/A   | 22.94%            |
| Indxx Disruptive Technologies Index                          | 7.82%                          | 20.70% | 45.19% | 88.83% | 45.19%                         | 23.79% | N/A   | 23.53%            |
| Indxx Disruptive Technologies Index - NTR (Benchmark)        | 7.81%                          | 20.67% | 44.83% | 87.70% | 44.83%                         | 23.54% | N/A   | 23.28%            |
| Morningstar Global Markets Index - NR                        | 4.86%                          | 15.50% | 16.07% | 32.04% | 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](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     | 1.43% |
| ALARM.COM HOLDINGS INC       | 1.23% |
| XINJIANG GOLDWIND SCI&TEC-H  | 1.22% |
| CHINA LONGYUAN POWER GROUP-H | 1.20% |
| MATERIALISE NV-ADR           | 1.19% |
| AFTERPAY LTD                 | 1.18% |
| PAGSEGURO DIGITAL LTD-CL A   | 1.15% |
| ABIOMED INC                  | 1.14% |
| SUNRUN INC                   | 1.14% |
| VESTAS WIND SYSTEMS A/S      | 1.12% |

<sup>^</sup> Source: Bloomberg as of 12/31/20, 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.*

*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*

*DTG000332 1/31/2022*