

Preparing for the Energy Transition

We are in the midst of a global energy transition from traditional carbon-based sources, such as crude oil and natural gas, to renewable clean energy sources, such as wind, solar, and hydropower.

The IEA (International Energy Agency) now predicts that renewables will be the leading global power source by 2025. Importantly, the increasing share of renewable power will come at the cost of coal, rather than natural gas, which the IEA expects to continue to increase to over 25% of global power generation by 2025¹.

Why U.S. Midstream?

- The U.S. is the world's largest producer of oil and natural gas with significant reserves
- Natural gas prices, along with natural gas liquids (NGLs), have significantly recovered this year amid improving demand
- Natural gas demand is forecast to grow through 2030 with continued infrastructure build out

Why Clean Energy?

- Global superpowers have unveiled aggressive carbon neutral goals and clean energy policies with massive fiscal stimulus measures
- Clean energy technology costs continue to plummet as global adoption increases
- Renewables continue to gain market share for power generation even through the pandemic

Natural gas has been known as the bridge fuel of the global energy transition, given its cleaner composition, availability, and competitive price thanks to increasing supplies of liquefied natural gas (LNG) from the U.S. and elsewhere. Natural gas is also the primary feedstock in hydrogen, used to power clean fuel cells.

There are three main components of clean energy that are expected to see rapid global adoption:

Clean Power Generation: Solar and wind power are two of the fastest growing sources of clean power generation in both the United States and Canada, while hydro and geothermal energy continue to rapidly increase in global adoption.

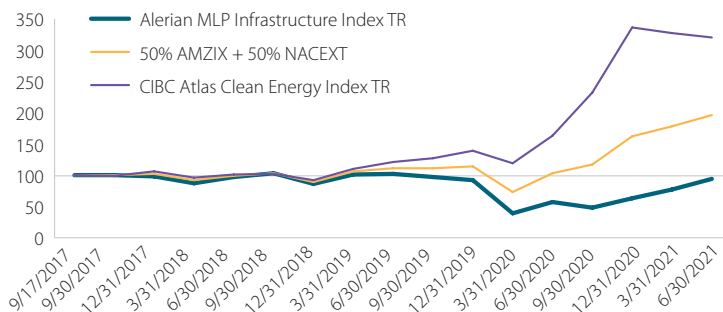
Clean Power Consumption: Mass global adoption of efficient light emitting diodes (LEDs) that last ten times longer than traditional bulbs² and smart cities/buildings that use internet connected systems to distribute energy more efficiently.

Clean Transportation: By 2025, EVs (electric vehicles) will account for 10% of global passenger vehicle sales, rising to 28% in 2030 and 58% in 2040, while the production of biofuels is expected to grow 55% by 2050³.

While many countries are leading the charge toward carbon neutrality by 2050, these renewable goals are ambitious and cannot fully displace the value of crude oil and natural gas to the global economy. More specifically, U.S. midstream infrastructure will continue to be built to handle the increasing crude and natural gas (and NGL) export demand over the next decade, while also acting as the transportation infrastructure to a number of renewable fuels, such as hydrogen for fuel-cells, renewable diesel, and ethanol.

The Energy Transition Portfolio: Midstream MLPs and Clean Energy

50% AMZI + 50% NACEX Cumulative Total Return



- The Energy Transition portfolio is best viewed through an equal split between the Alerian MLP Infrastructure Index (AMZI) and the CIBC Atlas Clean Energy Index (NACEX)
- The blended strategy may offer improved risk-adjusted returns with a yield of 5.95%, rather than choosing between high yield in the midstream MLP sector and high growth in clean energy.

Sources:

¹ <https://www.iea.org/news/renewable-power-is-defying-the-covid-crisis-with-record-growth-this-year-and-next-as-of-november-10-2020>

² <https://learn.eartheasy.com/guides/energy-efficient-lighting/> as of 2020

³ <https://www.eia.gov/todayinenergy/detail.php?id=43096#:~:text=The%20percentage%20of%20biofuels%20blended,than%20in%20the%20Reference%20case> as of March 9, 2020

ALPS Clean Energy ETF (ACES) Standardized performance as of 6/30/2021

Total Returns	Cumulative as of 6/30/2021				Annualized as of 6/30/2021	
	1 Mo.	3 Mo.	YTD	S.I.	1 Yr.	S.I.
ALPS Clean Energy ETF (Net Asset Value)	9.79%	-2.43%	-4.97%	215.23%	95.15%	46.52%
ALPS Clean Energy ETF (Market Price)	9.81%	-2.54%	-5.13%	215.19%	95.07%	46.52%
CIBC Atlas Clean Energy Index (Benchmark)	9.70%	-2.38%	-4.84%	221.11%	96.07%	47.43%

Gross expense ratio: **0.65%**

Alerian MLP Standardized performance as of 6/30/2021

Total Returns	Cumulative as of 6/30/2021				Annualized as of 6/30/2021				
	1 Mo.	3 Mo.	YTD	S.I.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	S.I.
Alerian MLP ETF (Net Asset Value)	6.16%	21.95%	48.24%	10.22%	63.20%	-1.86%	-2.61%	-0.15%	0.90%
Alerian MLP ETF (Market Price)	6.00%	21.74%	48.28%	10.25%	63.45%	-1.88%	-2.55%	-0.15%	0.90%
Alerian MLP Infrastructure Total Return Index	6.24%	22.35%	49.08%	37.62%	65.59%	-0.80%	-1.79%	1.36%	2.99%
Alerian MLP Total Return Index	5.18%	21.23%	47.84%	34.77%	63.98%	-0.33%	-1.05%	1.07%	2.79%

Gross expense ratio: **0.87%**

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The ETF accrues deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investment. This deferred tax liability is reflected in the daily NAV and as a result the MLP fund's after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked.

An investor should consider investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, which contains this and other information, call 1.877.398.8461 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

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There are risks involved with investing in ETFs including the loss of money. An investment in the Fund is subject to investment risk including the possible loss of the entire principal amount that you invest.

You cannot invest in this or any other index.

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