

# ALPS REIT Dividend Dogs ETF

VALUE, INCOME, DIVERSIFICATION

Monthly Insights | August 2020

## Key Takeaways

- The ALPS REIT Dividend Dogs ETF (RDOG) returned 1.37% in August 2020 as the U.S. broad market posted its best August return since 1980
- Hotel & Resort REITs rebounded in August as management teams provided positive updates during their Q2 earnings updates on continued efforts to reduce operating expenses and maintain strong liquidity
- RDOG's underlying index's trailing twelve month yield currently sits at 8.62%, which is roughly more than double the yield of the S-Network Composite US Index

## Performance Notes

- RDOG outperformed the broader REIT market, as represented by the S-Network Composite US REIT Index (SNREIT), in August 2020, partly due to its relative overweight to the Hotel & Resorts REITs segment. RDOG's Hotel & Resorts REITs exposure is currently 9.65% versus SNREIT's 2.11%.
- Optimism on the development of a COVID-19 vaccine coupled with the Federal Reserve's reassurance of a supportive monetary policy triggered the risk-on behavior seen from investors during August. Technology REITs, which has been the best performing REIT segment year-to-date, lagged slightly relative to the broader REIT market in August.

## RDOG vs Benchmarks (NAV)

| Performance Summary as of August, 2020 |        |         |         |
|----------------------------------------|--------|---------|---------|
|                                        | Aug-20 | YTD     | 1 Year  |
| RDOG (NAV Price)                       | 1.37%  | -21.11% | -19.28% |
| S-Network REIT Dividend Dogs Index     | 1.50%  | -20.95% | -15.22% |
| S-Network Composite US REIT Index      | -0.04% | -11.06% | -8.86%  |

Performance as of 08/31/2020.

*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 visit [www.alpsfunds.com](http://www.alpsfunds.com).*

*For standardized performance, please see Page 2.*

## Strategy Breakdown

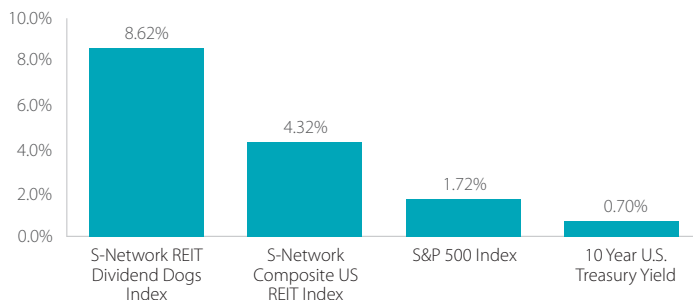
- RDOG is an Exchange Traded Fund that applies the 'Dogs of the Dow Theory' to nine U.S. REIT segments using the S-Network Composite US REIT Index ("SNREIT") as its starting universe of eligible securities.
- The strategy selects the five highest yielding U.S. REITs ("Dividend Dogs") within nine equally-weighted REIT segments. Constituent REITs must have Trailing Twelve Month (TTM) Funds From Operations (FFO) per share greater than TTM Dividend Payout per share (DPS).
- Equally weighting at the individual REIT and segment level provides diversification, avoids segment biases, and helps to smooth volatility.



## Yield Comparison

- As of August 31, 2020, RDOG's underlying index (S-Network REIT Dividend Dogs Index) carries a higher trailing twelve-month dividend yield relative to its starting universe (SNREIT) due to a relative overweight in higher yielding names within the Retail REITs segment and the Hotel & Resorts REITs segment.
- RDOG's Retail REITs segment and Hotel & Resorts REITs segment carries a 32.72% and 10.52% trailing twelve month yield, respectively.

## Trailing Twelve Month Yield



Source: ALPS Inc. as of 08/31/2020.

**Past performance is not indicative of future results.**

## ALPS REIT Dividend Dogs ETF

### Contribution to Return

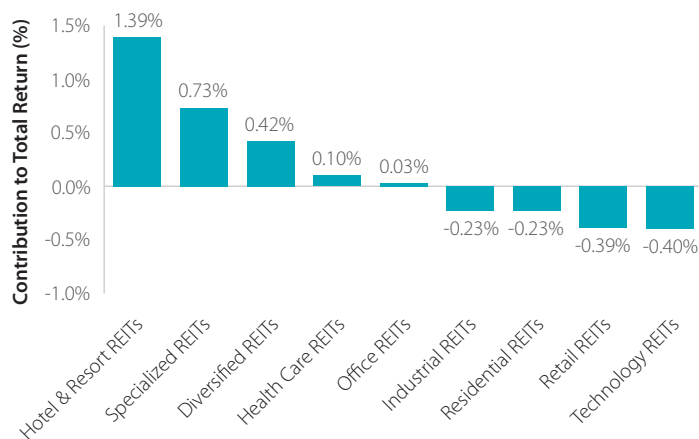
- Hotel and Resort REITs rebounded in August 2020 as Hotel REITs, on average, provided positive updates on 2nd quarter earnings calls. Service Properties Trust (SVC, 1.92% weight\*), RDOG's best performing Hotel REIT in August, rose 22.54% after the company announced that it replaced its property management service company as a way to continue reducing costs and maintain strong liquidity.
- RLJ Lodging (RLJ, 1.88% weight\*), RDOG's 2nd best performing Hotel REIT in August, rose 17.85% after reporting better than expected cash burn while also benefiting from an uptick in demand from its suite units, which have been popular among families during the pandemic.
- Self-storage REIT, National Storage Affiliates (NSA, 2.61% weight\*), rose 11.32% in August, partly due to reporting strong year-over-year growth in core funds-from-operations and an increase in its dividend payment.

### Valuation Update

- RDOG's underlying index continues to exhibit depressed valuations when compared to its historical averages, while the S-Network Composite US REIT Index (SNREIT) exhibits historically high valuations.
- The S-Network REIT Dividend Dogs Index's current P/FFO ratio of 7.91x is at a significant discount to SNREIT's current P/FFO ratio of 17.65x. Similarly, RDOG's underlying index TTM dividend yield of 8.62% is far in excess of 4.32% for SNREIT.

\* Weight in RDOG as of 08/31/20

### Contribution to Return by Segment



Source: Bloomberg L.P., as of 08/31/2020.

**Past performance is not indicative of future results.**

### Price Multiples

|                                   | S-Network REIT Dividend Dogs Index | S-Network Composite US REIT Index |
|-----------------------------------|------------------------------------|-----------------------------------|
|                                   | Current                            | Current                           |
| Price/Funds From Operations Ratio | 7.91x                              | 17.65x                            |
| Price/Book Ratio                  | 1.25x                              | 2.22x                             |
| Price/Cash Flow Ratio             | 9.37x                              | 14.23x                            |
| Trailing Twelve Month Yield       | 8.62%                              | 4.32%                             |
| 30-Day SEC Yield                  | 3.62%                              |                                   |

Source: S-Network Global Indexes., as of 08/31/2020.

**Past performance is not indicative of future results.**

### RDOG Performance as of 8/31/2020\*\*

| Total Returns                                           | Cumulative as of 8/31/2020 |       |         |         | Annualized as of 6/30/2020 |        |       |        |                   |
|---------------------------------------------------------|----------------------------|-------|---------|---------|----------------------------|--------|-------|--------|-------------------|
|                                                         | 1 Mo.                      | 3 Mo. | YTD     | S.I.    | 1 Yr.                      | 3 Yr.  | 5 Yr. | 10 Yr. | S.I. <sup>1</sup> |
| ALPS REIT Dividend Dogs ETF (NAV) <sup>2</sup>          | 1.37%                      | 6.11% | -21.11% | 19.78%  | -19.13%                    | -2.28% | 0.77% | 6.13%  | 1.35%             |
| ALPS REIT Dividend Dogs ETF (Market Price) <sup>3</sup> | 1.68%                      | 6.02% | -21.27% | 19.75%  | -19.08%                    | -2.35% | 0.71% | 6.09%  | 1.34%             |
| S-Network Composite US REIT Index (Benchmark)           | -0.04%                     | 7.31% | -11.06% | 123.45% | -8.29%                     | 2.80%  | 6.15% | 9.92%  | 6.48%             |
| S-Network REIT Dividend Dogs TR Index                   | 1.50%                      | 6.04% | -20.95% | 122.11% | -13.52%                    | -1.89% | 5.00% | 8.72%  | 6.60%             |

**Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be higher or lower than actual data quoted. Call 1.866.675.2639 or visit [www.alpsreitdividenddogs.com](http://www.alpsreitdividenddogs.com) for current month end performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.**

Gross Expense Ratio: **0.35%**

\*\* Name/ticker/strategy/Index change occurred on 1/2/2020.

<sup>1</sup> Fund inception date of 5/7/2008.

<sup>2</sup> NAV is an exchange-traded fund's per-share value. The per-share dollar amount of the fund is derived by dividing the total value of all the securities in its portfolio, less any liabilities, by the number of fund shares outstanding.

<sup>3</sup> Market Price is the price at which a share can currently be traded in the market. Market price returns are based on the midpoint bid/ask spread at 4 P.M. ET and do not represent the returns an investor would receive if shares were traded at other times.

## ALPS REIT Dividend Dogs ETF

### Top 10 Holdings (%)<sup>^</sup>

|                                   |       |
|-----------------------------------|-------|
| STAG Industrial Inc               | 2.68% |
| STORE Capital Corp                | 2.63% |
| CyrusOne Inc                      | 2.63% |
| Digital Realty Trust Inc          | 2.62% |
| National Storage Affiliates Trust | 2.61% |
| CubeSmart                         | 2.61% |
| Global Net Lease Inc              | 2.59% |
| EastGroup Properties Inc          | 2.55% |
| Lexington Realty Trust            | 2.55% |
| Four Corners Property Trust Inc   | 2.50% |

<sup>^</sup> As of 08/31/20, subject to change

### 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 866.675.2639 or visit [www.alpsfunds.com](http://www.alpsfunds.com). Read the prospectus carefully before investing.**

**ALPS REIT Dividend Dogs ETF Shares are not individually redeemable. Investors buy and sell shares of the ALPS REIT Dividend Dogs 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.

The Fund is subject to the additional risks associated with concentrating its investments in companies in the market sector.

Diversification does not eliminate the risk of experiencing investment losses.

An investor cannot invest directly in an index.

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 S-Network REIT Dividend Dogs Index. Similarly, the Fund does not buy a security because the security is deemed attractive unless that security is added to the S-Network REIT Dividend Dogs Index.

The inclusion or exclusion of a company in the S-Network REIT Dividend Dogs Index is not a recommendation to buy or to sell securities, and not an offer to buy or sell securities.

Real Estate Investment Trust (REIT): Companies that own or finance income-producing real estate across a range of property sectors.

S-Network REIT Dividend Dogs Index (RDOGX): a portfolio of stocks derived from the S-Network US Composite REIT Index (SNREIT). The RDOGX methodology selects the five stocks in each of the nine segments that make up SNREIT which offer the highest dividend yields as of the last trading day of November. The forty-five stocks that are selected for inclusion in the portfolio are equally weighted.

The S-Network Composite US REIT Index comprises Real Estate Investment Trusts listed on major US exchanges. The index is reconstituted semi-annually and rebalanced quarterly.

Price/Funds From Operations Ratio - A valuation ratio of a company's current share price compared to its per-share funds from operations.

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.

Dividend Yield - 12 Month Yield is the sum of the total trailing 12-month interest and dividend payments divided by the last month's ending index level.

Dogs of the Dow Theory: an investment strategy which proposes that an investor annually select for investment the ten Dow Jones Industrial Average stocks whose dividend is the highest fraction of their price.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS REIT Dividend Dogs ETF.

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