

ALPS Clean Energy ETF

Monthly Insights | December 2021

Key Takeaways

- The ALPS Clean Energy ETF (ACES) fell 13.16% in December 2021 as the setback of the Build Back Better economic plan affected clean energy stocks.
- Hydro/Geothermal was the best performing and only segment in the green this month.
- Itron Inc. (ITRI; **3.20% weight***), an Energy Management & Storage name, was the top performer in ACES, +10.68%, and announced a new partnership to create smart cities in Belgium.

Performance

- The ALPS Clean Energy ETF (ACES) fell 13.16% in December 2021, but outperaced the WilderHill Clean Energy Index (ECO) as Senator Manchin rejected the Biden administration's Build Back Better plan, sending clean energy stocks lower. ACES' ~32% weight to more defensive clean energy utilities helped buffer its downside capture this month, relative to ECO, and ECO was also hurt by its allocation to China clean energy stocks as regulatory pressure continues to mount on US listed Chinese ADRs.
- On the same day the Build Back Better plan faced a setback, the EPA announced it was finalizing greenhouse gas (GHG) emissions standards for passenger vehicles. The standards, which are the most ambitious to date for US greenhouse gas, will reduce impacts of climate change and result in increased cost savings for vehicle owners, with savings of \$210 to \$420 billion in fuel costs by 2050 for American drivers.

	Dec-21	YTD	1 Yr.
ACES (NAV)	-13.16%	-19.31%	-19.31%
NACEXT-CIBC Atlas Clean Energy Index	-13.13%	-19.01%	-19.01%
ECO-WilderHill Clean Energy Index	-15.63%	-30.18%	-30.18%

As of 12/31/2021

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 1-866-759-5679. Performance includes reinvested distributions and capital gains. For standard performance, please see page 3.

Strategy

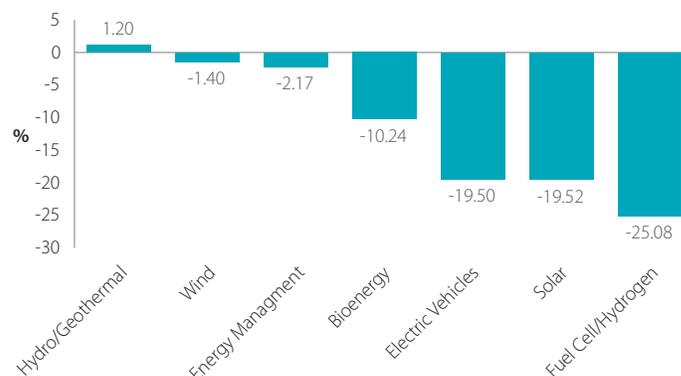
- 7 thematic segments across 2 categories (Renewables and Clean Technology)
- Pure Play: Constituent companies derive a majority of their value from clean energy businesses
- U.S. and Canadian based companies for increased business transparency and reduced volatility



Attribution

- Hydro/Geothermal was ACES best performing segment, while Fuel Cell/Hydrogen was the laggard, down over 25% this month with Plug Power Inc. (PLUG; **4.44% weight***) contributing to the drop, down 29.16%. However, Plug Power did announce a few new partnerships this month, including one with Edison Motors to provide the Korean EV maker with hydrogen fuel cells to power electric city busses. Solar names also took a hit in December after California proposed lowering subsidies and potentially adding fees to rooftop solar systems, which prompted backlash from many solar companies.
- The Hydro/Geothermal segment led all forward this month, and was the only segment to finish in the green in December. Geothermal energy company, Ormat Technologies Inc. (ORA; **3.71% weight***) was the second best performing security in ACES, +5.03% following strength within the utilities sector in December.
- TransAlta Renewables Inc. (RNW CN; **1.65% weight***) was the third best performing security for the month, +2.52%, leading all Wind segment names after several analysts reaffirmed their HOLD rating, despite clean energy uncertainty, for the Canadian-based renewable power company.

ACES Thematic Segment Performance - December 2021



Source: Bloomberg, as of 12/31/2021

Past performance does not guarantee future results.

* Weight in ACES as of 12/31/2021

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Valuation

- ACES's underlying index, the CIBC Atlas Clean Energy Index, has a price-to-earnings ratio (P/E ratio) of 44.37x and a price-to-cash flow ratio of 15.22x.
- ACES ~32% weight to U.S. and Canadian-based utilities is within more expensive Yieldco's, which garner higher P/E's but lower P/CF (Price to Cash flow) metrics.

ACES Top/Bottom Performers December 2021

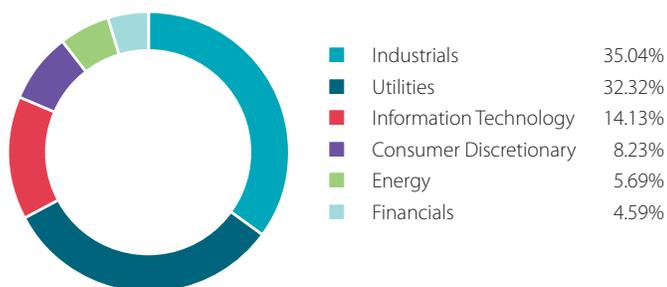
Leaders	Performance	Sub Segment
ITRON INC (ITRI US)	10.68%	Energy Management & Storage
ORMAT TECHNOLOGIES INC (ORA US)	5.03%	Hydro/ Geothermal
TRANSALTA RENEWABLES INC (RNW CN)	2.52%	Wind

Laggards	Performance	Theme
AEMETIS INC (AMTX US)	-34.43%	Bioenergy
BLINK CHARGING CO (BLNK US)	-31.02%	Electric Vehicles
PLUG POWER INC (PLUG US)	-29.16%	Fuel Cell/ Hydrogen

ALPS as of 12/31/2021

Past performance is not indicative of future results.

Sector Allocations



Price Multiples

	NACEXT Index	ECO index	CELS index
Price/Earnings Ratio	44.37x	25.12x	41.27x
Price/Cash Flow Ratio	15.22x	11.58x	23.30x
Price/Sales Ratio	3.26x	1.66x	4.55x
Average Market Capitalization (in Mil, \$)	\$64,543	\$21,037	\$104,812

Source: Bloomberg, as of 12/31/2021

December 2021 Company Snapshot

Company: **Itron Inc. (ITRI; 3.20% weight*)**



Segment:
Energy Management & Storage

- Itron provides solutions for monitoring and analyzing electric, gas, and water usage data.
- Itron announced a smart city collaboration early in the month with Belgium-based EQUANS. The partnership will see Itron bring its smart lighting system to streets for energy savings, among other benefits. "By collaborating with EQUANS to bring intelligent street lighting capabilities to Sibelga, we are helping improve the quality of their lighting and reducing electricity consumption while laying the foundation for future capabilities."¹

* As of 12/31/2021 in ACES

¹ <https://investors.itron.com/news-releases/news-release-details/itron-collaborates-equans-create-smart-cities-belgium>

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ACES Performance as of 12/31/2021

Total Returns	Cumulative as of 12/31/2021				Annualized as of 12/31/2021		
	1 Mo.	3 Mo.	YTD	S.I.	1 Yr.	3 Yr.	S.I. ¹
ALPS Clean Energy ETF (Net Asset Value)	-13.16%	-2.82%	-19.31%	167.67%	-19.31%	43.17%	32.38%
ALPS Clean Energy ETF (Market Price) ²	-13.13%	-2.82%	-19.42%	167.71%	-19.42%	43.09%	32.39%
CIBC Atlas Clean Energy Index (Benchmark)	-13.13%	-2.72%	-19.01%	173.30%	-19.01%	43.70%	33.17%
S&P 1000 Total Return Index	4.91%	7.27%	25.35%	50.97%	25.35%	21.02%	12.45%

Performance data quoted represents 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 1-866-759-5679 or visit www.alpsfunds.com.

Gross Expense Ratio: **0.65%**

¹ Fund inception date of 6/29/2018

² 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 (%)^

BROOKFIELD RENEWABLE PARTNER	5.57
TESLA INC	5.48
NORTHLAND POWER INC	5.44
NEXTERA ENERGY PARTNERS LP	5.25
FIRST SOLAR INC	4.67
HANNON ARMSTRONG SUSTAINABLE	4.59
SUNRUN INC	4.52
PLUG POWER INC	4.44
ENPHASE ENERGY INC	4.44
CHARGEPOINT HOLDINGS INC	4.39

[^] Source: Bloomberg as of 12/31/21

Holdings subject to change.

Daily holdings are available on the alpsfunds.com website.

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Important Disclosures & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus which contains this and other information call 1-866-759-5679 or visit 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 5,000, 25,000 or 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.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS Clean Energy ETF.

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.

The NASDAQ Clean Edge U.S. Liquid Series Indexes are modified market capitalization weighted indexes designed to track the performance of clean-energy companies that are publicly traded in the U.S.

The WilderHill Clean Energy Index is a modified equal dollar weighted index comprised of publicly traded companies whose business's stand to benefit substantially from societal transition toward the use of cleaner energy and conservation. The index benchmark value is 100.00 at the close of trading on December 30, 2002. * Disseminated by AMEX *

The S&P Global Clean Energy Index provides liquid and tradable exposure to 30 companies from around the world that are involved in clean energy related businesses. The index is comprised of a diversified mix of Clean Energy Production and Clean Energy Technology and Equipment Providers companies.

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 CIBC Atlas Clean Energy Index. Similarly, the Fund does not buy a security because the security is deemed attractive unless that security is added to CIBC Atlas Clean Energy Index.

The inclusion or exclusion of a company in the CIBC Atlas Clean Energy Index is not a recommendation to buy or to sell securities, and not an offer to buy or sell securities.

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