Ticker: REIT

ALPS Active REIT ETF

Commentary | June 30, 2025

Performance as of 6/30/2025

	Cumulative				Annualized		
Total Returns	**1 M**	**3 M**	**YTD**	**SI[1]**	**1 Y**	**3 Y**	**SI[1]**
NAV (Net Asset Value)	-0.97%	-2.75%	-2.14%	24.89%	6.52%	4.54%	5.25%
Market Price	-0.97%	-2.90%	-2.25%	24.89%	6.39%	4.56%	5.25%
S&P US REIT Index - TR	-0.55%	-1.15%	-0.22%	26.16%	8.59%	5.28%	5.50%

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 current month-end performance call 1-866-759-5679 or visit www.alpsfunds.com. Performance includes reinvested distributions and capital gains.

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.

[1] *Fund inception date: 2/25/2021*

Total Operating Expenses: ***0.68%***

Q2 Fund Performance Review

In the midst of dramatic volatility driven by high levels of economic uncertainty centered around fiscal and trade policy, the recovery in Real Estate Investment Trust (REIT) share prices was put on hold in the second quarter. The S&P US REIT Index, the ALPS Active REIT ETF's (Ticker: REIT, the "Fund") benchmark, was down -1.15% in the quarter and -0.22% for the six months ended June 30, 2025. The continued lack of clarity concerning fiscal and global trade policy in the quarter, combined with frequently changing news headlines, has made for a difficult environment to implement an investment strategy.

Notwithstanding the volatility and choppiness in REIT share prices in the quarter, it is our view that relatively healthy real estate fundamentals should help REITs regain the traction they have enjoyed since the fourth quarter of 2023. REIT prices are up 35% from the trough of the cycle in October of 2023. Property prices are also recovering, increasing from their trough in the first quarter of 2024. Operating fundamentals, net operating income and dividends are generally healthy and well supported, with visible growth on the horizon. The recovering property cycle will also be aided by a decline in new construction, constrained capital market conditions and increased replacement costs which will serve to tighten market conditions and support higher rents.

The S&P 500 Index was up 10.9% in the second quarter and 6.2% for the six months ended June 30, 2025. As REITs underperformed equities in the second quarter, REITs once again appear attractive compared to the broader equity market with discounted relative valuations. Relative to equities, REIT valuations are as cheap as they have historically been, except during the global financial crisis. We believe a reversion to the mean opportunity should play out in the market and there is still significant ground for REITs to make up relative to equities. This partially occurred in the first quarter, and although stalled in the second quarter, we expect this trend to continue.

The Fund's returns were down -2.75% in the quarter, lagging its benchmark by 160 basis points (bps) in an environment dominated by momentum-driven stock prices and returns. The underperformance of the Fund occurred during the 40-day period after the pause of the higher reciprocal tariff rates beginning April 9th. In this quick, momentum driven recovery, REITs were up over 14%, while the Fund lagged the benchmark by 190 bps as certain income and value-focused names recovered more slowly.

Stock selection in the health care property sector continued to drag on the Fund’s returns, driven by the underweight position in senior housing company, Welltower (WELL, 7.58% weight*). The company has delivered excellent returns over the past couple of years, although at a current valuation reflecting a 3.6% implied cap rate and a 119% premium to net asset value, our view is that the stock is more than fully valued, and we maintain an underweight position. The Fund’s largest position, large cap data center company, Equinix (EQIX, 9.77% weight*), has underperformed after an analyst day in June revealed the company is ramping up its development spending to capitalize on increased demand from artificial intelligence (AI) buildout. Although the increase in development plans are expected to create significant long-term value, the stock corrected sharply based on investor disappointment in the reduction in earnings growth in the short-term. Non-benchmark positions in the cell tower and self storage sectors have performed well and added value.

** Weight in Ticker: REIT as of 6/30/2025, subject to change*

Given the high level of economic and market uncertainty, the Fund is well diversified with disciplined portfolio construction designed to limit downside risk. The Fund is less concentrated than historical averages, with 30 holdings and the top ten positions representing 53% of the portfolio. The active weight of the Fund, which measures the difference of the portfolio from its benchmark, is 40%, also below historical levels. As we get more clarity on market conditions and the environment, we expect to increase the concentration and active weight of the Fund.

Portfolio composition includes the usual mix of attractively valued well-managed companies with high quality assets and strong balance sheets that are poised to capitalize on opportunities in the property markets. In addition, there are a number of niche, opportunistic or value positions in the portfolio that we believe will perform well and are monitoring them closely to either increase the portfolio weight or exit on a timely basis. These include companies in the shopping center, regional mall, cold storage and lab space property sectors. We will continue to explore non-benchmark opportunities like those in cell towers and self storage, which have enhanced risk-adjusted returns for the Fund. Additionally, we are closely monitoring opportunities in sunbelt apartments, office property and hotels to assess the optimal timing to potentially increase exposure.

We continue to believe that we are in the early stages of a recovering growth cycle for property investment, earnings and valuations, which will be led by publicly traded real estate securities. Amidst high levels of market uncertainty, it is our view that US real estate is reasonably well positioned relative to other industries, in light of tariff and global trade uncertainty and the limited direct effects of tariffs on real estate. Listed REITs are shifting from defense to offense at this early stage of a new real estate cycle aided by a cost of capital advantage over private entities that could fuel transaction activity, resulting in higher earnings growth.

Top 10 Holdings

EQUINIX INC	9.77%
WELLTOWER INC	7.58%
PROLOGIS INC	7.14%
DIGITAL REALTY TRUST INC	4.90%
VICI PROPERTIES INC	4.81%
VENTAS INC	4.20%
ESSEX PROPERTY TRUST INC	4.16%
REALTY INCOME CORP	4.01%
FIRST INDUSTRIAL REALTY TRUST	3.89%
SIMON PROPERTY GROUP INC	3.89%

As of 6/30/2025, subject to change

Important Disclosures & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus containing this and other information, call 1-866-759-5679 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemable.

Performance data quoted represents past performance. Past performance is no guarantee of future results; current performance may be higher or lower than performance quoted.

All investments are subject to risks, including the loss of money and the possible loss of the entire principal amount invested. Additional information regarding the risks of this investment is available in the prospectus.

Diversification does not eliminate the risk of experiencing investment losses.

Ownership of real estate is subject to fluctuations in the value of underlying properties, the impact of economic conditions on real estate values, the strength of specific industries renting properties and defaults by borrowers or tenants. Real estate is a cyclical business, highly sensitive to general and local economic conditions and developments, and characterized by intense competition and periodic overbuilding. Credit and interest rate risk may affect real estate companies' ability to borrow or lend money.

The Fund will primarily invest in publicly traded common equity securities of US REITs. The Fund may also invest a portion of its assets in publicly traded common equity of US real estate operating companies (not structured as REITs), publicly traded preferred equity of US REITs and real estate operating companies, and cash and cash equivalents.

The Fund is considered nondiversified and as a result may experience greater volatility than a diversified fund.

Real Estate Investment Trust (REIT): companies that own or finance income-producing real estate across a range of property sectors. Listed REITs have characteristics of both the income potential of bonds and growth potential of stocks.

S&P US REIT Index: defines and measures the investable universe of publicly traded real estate investment trusts (REITs) domiciled in the United States.

S&P 500 Index: widely regarded as the best single gauge of large-cap US equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

One may not invest directly in an index.

ALPS Advisors, Inc. and GSI Capital Advisors, LLC, registered investment advisers with the SEC, are the investment adviser and sub-adviser to the Fund, respectively. ALPS Advisors, Inc. and ALPS Portfolio Solutions Distributor, Inc., affiliated entities, are unaffiliated with GSI Capital Advisors, LLC.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the Fund.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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