

Morningstar ETF Allocation Series

Commentary | June 30, 2025

Performance as of 6/30/2025

	Cumulative			Annualized						Expense Ratios	
	1 M	3 M	YTD	1 Y	3 Y	5 Y	10 Y	15 Y	SI ¹	Total Operating Expenses	What You Pay ²
Aggressive Class I (NAV)	4.51%	10.09%	8.47%	13.81%	14.91%	13.05%	8.92%	9.63%	6.39%	0.64%	
Aggressive Class II (NAV)	4.52%	10.04%	8.32%	13.56%	14.64%	12.77%	8.65%	9.36%	6.12%	0.89%	
Aggressive Growth Blended Benchmark (95% Equity) ³	4.44%	10.97%	8.87%	15.45%	17.00%	13.65%	10.67%	11.84%	8.22%		
95% S&P 500 / 5% Bloomberg US Aggregate Bond Index	4.91%	10.45%	6.12%	14.73%	18.83%	15.76%	13.08%	14.25%	10.02%		
Balanced Class I (NAV)	3.35%	6.84%	6.65%	11.11%	10.64%	8.13%	6.32%	7.08%	5.26%	0.61%	
Balanced Class II (NAV)	3.30%	6.74%	6.55%	10.77%	10.35%	7.85%	6.06%	6.80%	4.99%	0.86%	
Balanced Blended Benchmark (60% Equity) ³	3.41%	7.78%	7.55%	12.46%	11.80%	8.35%	7.50%	8.39%	6.48%		
60% S&P 500 / 38% Bloomberg US Aggregate Bond / 2% ICE BofAML Treasury 3 Month Index - TR	3.64%	7.01%	5.42%	11.59%	12.80%	9.70%	9.02%	9.90%	7.64%		
Conservative Class I (NAV)	1.90%	3.27%	4.58%	7.97%	5.75%	2.76%	3.16%	3.50%	3.32%	0.72%	0.59%
Conservative Class II (NAV)	1.91%	3.19%	4.51%	7.76%	5.47%	2.52%	2.91%	3.24%	3.05%	0.97%	0.84%
Conservative Blended Benchmark (20% Equity) ³	2.13%	4.07%	5.66%	8.79%	6.11%	2.66%	3.75%	4.25%	4.08%		
20% S&P 500 / 73% Bloomberg US Aggregate Bond / 7% ICE BofAML Treasury 3 Month Index - TR	2.16%	3.12%	4.41%	7.86%	6.08%	2.96%	4.24%	4.79%	4.56%		
Growth Class I (NAV)	4.05%	8.78%	7.75%	12.70%	13.09%	10.82%	7.83%	8.65%	5.99%	0.62%	
Growth Class II (NAV)	3.99%	8.59%	7.53%	12.34%	12.78%	10.54%	7.55%	8.37%	5.72%	0.87%	
Growth Blended Benchmark (80% Equity) ³	4.00%	9.63%	8.38%	14.20%	14.74%	11.34%	9.30%	10.35%	7.48%		
80% S&P 500 / 20% Bloomberg US Aggregate Bond Index	4.38%	8.97%	5.86%	13.41%	16.21%	13.12%	11.35%	12.41%	9.05%		
Income and Growth Class I (NAV)	2.63%	5.08%	5.52%	9.51%	8.23%	5.52%	4.83%	5.32%	4.31%	0.67%	0.60%
Income and Growth Class II (NAV)	2.64%	5.01%	5.42%	9.26%	7.99%	5.25%	4.57%	5.06%	4.05%	0.92%	0.85%
Income & Growth Blended Benchmark (40% Equity) ³	2.78%	5.92%	6.64%	10.65%	8.93%	5.47%	5.65%	6.35%	5.34%		
40% S&P 500 / 55% Bloomberg US Aggregate Bond / 5% ICE BofAML Treasury 3 Month Index - TR	2.90%	5.06%	4.93%	9.73%	9.44%	6.34%	6.65%	7.36%	6.13%		

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.

The performance shown does not reflect the impact of costs associated with variable contracts, qualified pension and retirement plans or registered and unregistered separate accounts which, when deducted, will reduce the return figures quoted.

¹ Fund inception date: 4/30/2007

² What You Pay reflects the Adviser's and Sub-Adviser's decision to contractually limit expenses through 4/29/2026. Please see the prospectus for additional information.

³ The Aggressive Growth Blended Benchmark (95% Equity) is a blended benchmark consisting of 67% Morningstar US Market Extended Index - TR / 28% Morningstar Global Markets ex-US Index - NR / 3% Bloomberg US Universal Index - TR / 2% ICE BofAML Treasury 3 Month Index - TR. The Balanced Blended Benchmark (60% Equity) is a blended benchmark consisting of 42% Morningstar US Market Extended Index - TR / 18% Morningstar Global Markets ex-US Index - NR / 32% Bloomberg US Universal Index - TR / 6% FTSE WGBI Non-USD Index / 2% ICE BofAML Treasury 3 Month Index - TR. The Conservative Blended Benchmark (20% Equity) is a blended benchmark consisting of 14% Morningstar US Market Extended Index - TR / 6% Morningstar Global Markets ex-US Index - NR / 58% Bloomberg US Universal Index - TR / 12% FTSE WGBI Non-USD Index / 10% ICE BofAML Treasury 3 Month Index - TR. The Growth Blended Benchmark (80% Equity) is a blended benchmark consisting of 56% Morningstar US Market Extended Index - TR / 24% Morningstar Global Markets ex-US Index - NR / 15% Bloomberg US Universal Index - TR / 3% FTSE WGBI Non-USD Index / 2% ICE BofAML Treasury 3 Month Index - TR. The Income & Growth Blended Benchmark (40% Equity) is a blended benchmark consisting of 28% Morningstar US Market Extended Index - TR / 12% Morningstar Global Markets ex-US Index - NR / 46% Bloomberg US Universal Index - TR / 9% FTSE WGBI Non-USD Index / 5% ICE BofAML Treasury 3 Month Index - TR.

One may not invest directly in an index.

Economic & Market Overview

The second quarter (Q2) started with a meaningful decline in global equities. US stocks as represented by the S&P 500 Index declined by 11.5% for the period between April 2nd through the 8th. The declines were driven by tariff related uncertainty after new US rates were announced on Liberation Day. Also, Federal Reserve (Fed) Chair Jerome Powell's April 3rd statements intensified the negative market reaction by emphasizing the Fed's "wait-and-see" approach to monetary policy. However, markets rallied after President Trump announced a pause on the initial timeline for most countries with the higher proposed tariff rates giving negotiations time to playout. The heightened volatility drove some investors to sell at the bottom only to miss the staggering recovery through the end of the quarter.

For the second quarter of 2025, the S&P 500 Index returned 10.9%. information technology contributed just over 2/3 of the S&P 500 Index's second quarter return. The remaining contribution came from communication services, consumer discretionary, industrials and financials. The strong rebound was predominantly driven by multiple popular mega-cap stocks such as Microsoft, Nvidia, Apple, Amazon and Meta (source: Morningstar DirectSM). US large-cap stocks outpaced US small-caps during the quarter and the growth style of investing far outpaced value based on Russell indexes in Direct.

The Morningstar Developed Markets (DM) ex-US Index of foreign developed-market stocks gained 12.4% in the quarter. Japan, Germany and the UK were the largest contributors in Q2. The Morningstar Emerging Markets (EM) Index of emerging-market stocks gained 12.5% in Q2 with Taiwan, South Korea and India as top contributors. The US dollar continued to depreciate against select foreign developed currencies in Q2 which increased the return on dollar denominated assets and generated 7%, or the majority of the return on foreign developed indexes. The dollar hit a three year low in June on concerns with growth and trade policy.

During the quarter, bond yields steepened across most major government markets. When bond yields rise, their price declines which may cause negative returns for investors. The tariff, interest rate and inflation uncertainty in early April pushed longer maturity yields higher and widened credit spreads causing market panic. Similar to equities, the announced tariff pause eased investor concerns which reversed much of the negative yield movement and allowed most bond indexes to reflect positive returns at the end of the quarter. The Bloomberg US Aggregate Bond Index returned 1.2% during the quarter as all but the long US Treasury exposure was positive. Credit spreads initially blew out in early April but resilient corporate earnings and fundamentals, especially within investment grade, allowed a reversal to pre-Liberation Day levels at the end of the quarter. The Bloomberg US Credit Index returned 1.8% during the quarter while the Bloomberg US Corporate High Yield Index returned 3.5%.

* Index returns and attribution are sourced from Morningstar Direct.

** Interest rate data and statistics are sourced from US Department of The Treasury

Market Index Total Returns (period through 6/30/2025)

	April Return	May Return	June Return	3 Month Return	6 Month Return	1 Year Return	3 Year Return	5 Year Return	10 Year Return
S&P 500 TR USD	-0.68	6.29	5.09	10.94	6.20	15.16	19.71	16.64	13.65
Russell 3000 TR USD	-0.67	6.34	5.08	10.99	5.75	15.30	19.08	15.96	12.96
Russell Top 200 Growth TR USD	1.75	8.33	6.30	17.17	5.32	15.82	26.44	19.24	18.26
Russell Top 200 Value TR USD	-3.34	3.06	3.37	2.98	7.59	14.88	13.50	14.04	9.59
Russell Mid Cap Growth TR USD	3.36	9.59	4.36	18.20	9.79	26.49	21.46	12.65	12.13
Russell Mid Cap Value TR USD	-2.48	4.36	3.51	5.35	3.12	11.53	11.34	13.71	8.39
Russell 2000 Growth TR USD	-0.64	6.42	5.89	11.97	-0.48	9.73	12.38	7.42	7.14
Russell 2000 Value TR USD	-4.02	4.20	4.95	4.97	-3.16	5.54	7.45	12.47	6.72
FTSE EPRA Nareit Developed TR USD	1.00	2.61	1.05	4.72	6.66	12.36	4.60	6.13	4.16
Morningstar DM xUS NR USD	4.65	4.76	2.56	12.44	19.06	19.09	15.38	11.17	6.62
Morningstar EM NR USD	1.41	4.83	5.78	12.45	13.76	13.29	10.15	7.78	5.32
FTSE WGBI NonUSD Hdg USD	1.64	-0.25	0.51	1.90	1.29	5.37	2.78	-0.40	2.17
JPM EMBI Plus TR USD	0.67	0.79	2.50	4.00	6.19	11.60	9.00	-0.51	2.17
Bloomberg US Corporate High Yield	-0.02	1.68	1.84	3.53	4.57	10.29	9.93	5.97	5.38
Bloomberg Gbl Infl Linked US TIPS	0.12	-0.59	0.95	0.48	4.67	5.84	2.34	1.61	2.67
Bloomberg US Aggregate Bond	0.39	-0.72	1.54	1.21	4.02	6.08	2.55	-0.73	1.76
Bloomberg US Govt/Credit 1-3 Year	0.76	-0.13	0.64	1.27	2.92	5.94	3.75	1.58	1.84
Bloomberg Commodity	-4.81	-0.58	2.41	-3.08	5.53	5.77	0.13	12.68	1.99

Indexes shown are unmanaged and not available for direct investment. Source: Morningstar DirectSM

Past performance is no guarantee of future results.

Portfolio Positioning

The five funds within the ETF Asset Allocation Series were reallocated in mid-May during the quarter. The reallocation realigned our desired split between the growth and value styles and positioning within the market capitalization. At the end of the quarter, the funds remained diversified across asset type, region and sector which helped dampen the heightened volatility in April.

During the quarter, we reduced our average value exposure and reallocated to growth which brought our effective exposure more inline with our benchmark. We remain slightly overweight to the value style of investing in the more defensive sectors such as health care and consumer staples. Additionally, we maintain an overweight to US small-cap stocks based on our valuation research which reflects the potential for more upside than in large-cap stocks.

We also made small adds to our average international exposure during the quarter. International equities have outperformed US equities in the first half of 2025. A large portion of the performance contribution was due to currency where the US dollar has meaningfully depreciated relative to foreign currencies. However, international equity has reflected lower valuations than US equity for a prolonged period and fundamentals have slowly improved in 2025.

Within fixed income, we made small adds to our high yield positions where we maintain exposure. Corporate spreads widened in April which made select credit exposures relatively more attractive than at the end of the first quarter. We continue to maintain a relatively shorter duration than the corresponding benchmark and favor the intermediate term, or belly of the yield curve.

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.

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