

Ticker: ACES

ALPS Clean Energy ETF

Quarterly Insights | Q2 2025

Key Takeaways

- The ALPS Clean Energy ETF (ACES) gained 12.56% in the second quarter of 2025 as clean energy stocks rebounded on policy optimism after a slow start to the year.
- Energy Management & Storage was the best performing segment with all five underlying holdings in the green by at least 25%.
- American Superconductor Corp. (AMSC, 2.55% weight*), an Energy Management & Storage segment name, was the top performer in ACES, soaring +102.26% in a quarter in which the company beat earnings estimates.

Performance Notes

- The ALPS Clean Energy ETF (ACES) gained 12.56% in the second quarter of 2025, underperforming the WilderHill Clean Energy Index (ECO). The clean energy space continues to be impacted by political uncertainty and high project financing costs, however, policy announcements surrounding Trump's Big Beautiful Bill were potentially more optimistic than anticipated by investors, leading clean energy names higher. ACES, however, underperformed ECO this quarter, in part due to its allocation to only US and Canadian based names. ECO's more global allocation, particularly in Asia led it to outperform in the second quarter of 2025.
- The clean energy space, which has been surrounded with uncertainty as investors await policy information from the new administration, finally got some clarity with the Big Beautiful Bill. While much of the Inflation Reduction Act (IRA) will be reduced or eliminated, some areas came out more favorable than anticipated. Geothermal/Hydro and Nuclear power remained mostly unchanged from the IRA and Solar Energy, domestically, could stand to benefit. However, there is still uncertainty about the full impact and with nothing finalized, the space is still in wait-and-see mode.

Performance Summary

| | Q2 2025 | YTD | 1 Y |
|--|---------|--------|--------|
| ACES (NAV) | 12.56% | -0.59% | -7.54% |
| NACEX - CIBC Atlas Clean Energy Index - TR | 12.36% | -0.79% | -7.64% |
| ECO - WilderHill Clean Energy Index | 26.56% | -0.79% | -0.46% |

As of 6/30/2025

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.

For standardized performance please see page 4.

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.
- US and Canadian based companies for increased business transparency and reduced volatility.



* Weight in ACES as of 6/30/2025

Attribution

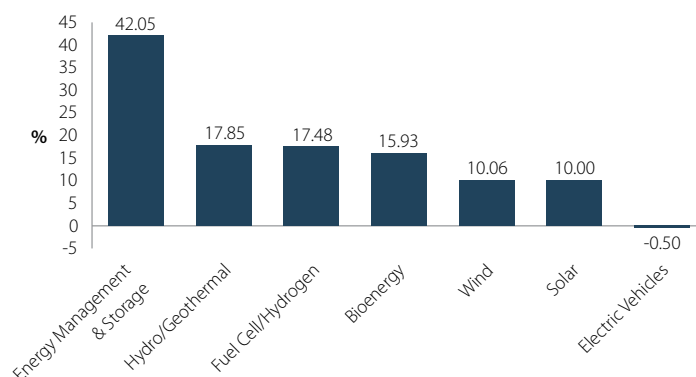
- Energy Management & Storage was ACES best performing segment this quarter, while the Electric Vehicles (EV) segment was the laggard. The EV segment was dragged down by Wolfspeed Inc. (WOLF, dropped) which fell on bankruptcy fears before being removed from ACES on July 1st.
- The Energy Management & Storage segment was the leader in Q2, with American Superconductor Corp. (**AMSC, 2.55% weight***) leading all names forward, +102.26%. American Superconductor climbed on positive earnings which saw the Massachusetts-based company beat estimates for revenues and earnings. Also within the segment, Willdan Group Inc. (**WLDN, 1.57% weight***) was another top performer, +53.51%, after also beating on earnings which led to a price target raise from an analyst at Wedbush.
- Fuel Cell/Hydrogen was the third best performing segment in Q2 2025, spearheaded by Ballard Power Systems Inc. (**BLDP, 0.73% weight***) which gained 44.55%. In addition to better-than-expected policy treatment for fuel cells in the Big Beautiful Bill, Ballard Power beat earnings estimates while also announcing a new supply agreement with Sierra Northern Railway in California to supply 1.5 MW of fuel cell engines.

* Weight in ACES as of 6/30/2025

Valuation Update

- ACES's underlying index, the CIBC Atlas Clean Energy Index, has a price-to-earnings (P/E) ratio of 15.38x and a price-to-cash flow (P/CF) ratio of 8.72x.
- ACES ~29% weight to US and Canadian-based utilities is within more expensive Yieldco's, which garner higher P/E's but lower P/CF metrics.

ACES Thematic Segment Performance – Q2 2025



Source: Bloomberg L.P., as of 6/30/2025

Past performance is no guarantee of future results.

Price Multiples

| | NACEX Index | ECO Index | CELS Index |
|--|-------------|-----------|------------|
| Price/Earnings Ratio | 15.38x | 23.53x | 19.91x |
| Price/Cash Flow Ratio | 8.72x | 11.65x | 13.28x |
| Price/Sales Ratio | 1.43x | 1.04x | 2.69x |
| Average Market Capitalization (in Mil, \$) | \$59,899 | \$51,258 | \$77,480 |

Source: Bloomberg L.P., as of 6/30/2025

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ACES Top/Bottom Performers Q2 2025

| Leaders | Performance | Sub-Segment |
|--|-------------|-----------------------------|
| AMERICAN SUPERCONDUCTOR CORP (AMSC US) | 102.26% | Energy Management & Storage |
| WILLDAN GROUP INC (WLDN US) | 53.51% | Energy Management & Storage |
| BALLARD POWER SYSTEMS INC (BLDP US) | 44.55% | Fuel Cell/Hydrogen |

| Laggards | Performance | Theme |
|------------------------------|-------------|-------------------|
| WOLFSPEED INC (WOLF US) | -86.97% | Electric Vehicles |
| ENPHASE ENERGY INC (ENPH US) | -36.10% | Solar |
| ANDERSONS INC/THE (ANDE US) | -14.01% | Bioenergy |

Source: SS&C ALPS Advisors, as of 6/30/2025

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Q2 2025 Company Spotlight

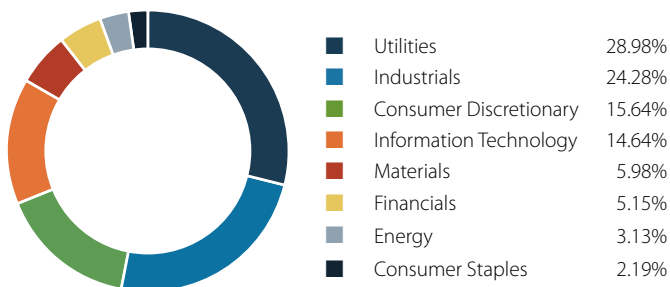
Company: **Ormat Technologies Inc.**
(ORA, 5.31% weight*)



Segment:
Hydro/Geothermal

- Ormat Technologies is a geothermal energy producer headquartered in Nevada. The company, which also provides energy management and storage solutions, gained 18.55% in the second quarter of 2025 and had several pieces of good news.
- Ormat was a beneficiary of policy that remained largely unchanged from the Inflation Reduction Act (IRA) while also having a lawsuit against them dismissed in June. The company also posted strong earnings and reiterated guidance for the full year 2025.
- Ormat bought a 20 MW geothermal plant in Nevada to boost its geothermal portfolio while also expressing plans to add solar to the site. They also signed a Hybrid Tax Equity Partnership with Morgan Stanley to cover a few energy projects.

Sector Allocations



* Weight in ACES as of 6/30/2025

ALPS Clean Energy ETF (ACES) Performance as of 6/30/2025

| Total Returns | Cumulative | | | | Annualized | | | |
|------------------------------------|------------|--------|--------|-----------------|------------|---------|--------|-----------------|
| | 1 M | 3 M | YTD | SI ¹ | 1 Y | 3 Y | 5 Y | SI ¹ |
| NAV (Net Asset Value) | 6.14% | 12.56% | -0.59% | 11.65% | -7.54% | -18.18% | -7.12% | 1.59% |
| Market Price | 6.18% | 12.61% | -0.48% | 11.65% | -7.47% | -18.17% | -7.13% | 1.59% |
| CIBC Atlas Clean Energy Index - TR | 6.21% | 12.36% | -0.79% | 13.14% | -7.64% | -18.39% | -7.13% | 1.78% |
| S&P 1000 Index - TR | 3.72% | 6.14% | -1.29% | 67.55% | 6.59% | 11.23% | 12.89% | 7.65% |

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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: 6/28/2018

Total Operating Expenses: **0.55%**

Top 10 Holdings

| | | | |
|-------------------------------|-------|-----------------------|-------|
| TESLA INC | 5.32% | ALBEMARLE CORP | 5.09% |
| ORMAT TECHNOLOGIES INC | 5.31% | NORTHLAND POWER INC | 4.93% |
| ITRON INC | 5.25% | CLEARWAY ENERGY INC | 4.84% |
| HA SUSTAINABLE INFRASTRUCTURE | 5.15% | FIRST SOLAR INC | 4.82% |
| BROOKFIELD RENEWABLE PARTNERS | 5.11% | RIVIAN AUTOMOTIVE INC | 4.75% |

Source: Bloomberg L.P., as of 6/30/2025, subject to change
Daily holdings are available at www.alpsfunds.com.

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.

There is no assurance that the market developments and sector growth discussed in this Insight will come to pass.

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.

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.

The Fund may be subject to risks relating to its investment in Canadian securities. The Canadian economy may be significantly affected by the US 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-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.

Smaller and mid-size companies often have a more limited track record, 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.

The large capitalization companies in which the Fund invests may underperform other segments of the equity market or the equity market as a whole.

The Fund employs a "passive management" - or indexing - investment approach and seeks investment results that correspond (before fees and expenses) generally to the performance of its underlying index. Unlike many investment companies, the Fund is not "actively" managed. Therefore, it would not necessarily sell or buy a security unless that security is removed from or added to the underlying index, respectively.

CIBC Atlas Clean Energy Index (NACEX): an adjusted market cap weighted index designed to provide exposure to a diverse set of US or Canadian based companies involved in the clean energy sector including renewables and clean technology. The clean energy sector is comprised of companies that provide the products and services which enable the evolution of a more sustainable energy sector.

NASDAQ Clean Edge Green Energy Index (CELS): a modified market capitalization weighted index designed to track the performance of companies that are primarily manufacturers, developers, distributors and/or installers of clean energy technologies, as defined by Clean Edge.

Price/Cash Flow (P/CF) Ratio: 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/Earnings (P/E) Ratio: a valuation ratio of a company's current share price compared to its per-share earnings.

Price/Sales (P/S) Ratio: 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.

S&P 1000 Index: combines the S&P MidCap 400 and the S&P SmallCap 600 to form an investable benchmark for the mid- to small-cap segment of the US equity market.

WilderHill Clean Energy Index (ECO): a modified equal dollar weighted index comprised of publicly traded companies whose businesses stand to benefit substantially from societal transition toward the use of cleaner energy and conservation.

Yield Company (YieldCo): publicly traded companies that are focused on returning cash flows generated from renewable energy assets to shareholders. These assets largely consist of solar and wind farms that have entered into long-term energy delivery contracts with customers.

One may not invest directly in an index.

ALPS Advisors, Inc., registered investment adviser with the SEC, is the investment adviser to the Fund. ALPS Advisors, Inc. is affiliated with ALPS Portfolio Solutions Distributor, Inc.

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

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