

# ALPS | O'Shares U.S. Quality Dividend ETF

Quarterly Insights | Q2 2025

### Key Takeaways

- In Q2 2025, the ALPS | O'Shares U.S. Quality Dividend ETF (OUSA) gained 1.82% as U.S. large-caps rallied on softer inflation readings and artificial intelligence (AI) hype, outweighing concerns of reciprocal tariffs impacting U.S. company margins.
- OUSA's Information Technology sector provided the best sector performance during the second quarter of 2025 as AI product demand from hyperscalers surprised to the upside.
- OUSA exhibits a month-end price-to-earnings (P/E) ratio of 23.33x, which is slightly higher than the Russell 1000 Value Index P/E of 20.09x due to its higher quality holdings that tend to be more expensive.

### Performance Notes

- The ALPS | O'Shares U.S. Quality Dividend ETF (OUSA) gained 1.82% last quarter, underperforming the Russell 1000 Value Index (RLV), which returned 3.79% for the same period. While OUSA's quality-driven Information Technology and Energy stocks saw relative sector outperformance over the RLV Index, its underweight to Financials and Industrials names caused the Fund to trail the benchmark as the quality factor lagged momentum and lower-volatility stocks during the broad risk-on rally in Q2.
- In the second quarter of 2025, large-cap U.S. equities rallied to new highs on better-than-expected economic data and optimism that generative AI will unlock a new productivity cycle. A pronounced slide in the U.S. dollar helped to cushion tariff headlines, while year-over-year inflation data continued to moderate and guide margins higher. Thus far in 2025, large-cap U.S. stocks have continued their dominance as sector returns broaden out of the Magnificent 7. Despite an uncertain outlook for U.S. equities, quality names continue to perform well amidst a high-interest rate backdrop that tends to result in a softening economy, as investors seek to hide out in high-quality companies that exhibit high profitability and lower volatility. OUSA's high-quality, dividend-growing names also historically fare better amidst uncertain economic growth prospects, providing a positive outlook for OUSA's quality dividend strategy.

### Performance Summary

	Q2 2025	YTD	1 Y	3 Y
OUSA (NAV)	1.82%	2.58%	10.52%	12.24%
O'Shares U.S. Quality Dividend Index - TR <sup>1</sup>	1.93%	2.82%	11.06%	12.81%
Morningstar US Large-Mid Cap Broad Value Index - TR	2.89%	4.00%	11.57%	14.03%
Russell 1000 Value Index - TR	3.79%	6.00%	13.70%	12.76%

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](http://www.alpsfunds.com). Performance includes reinvested distributions and capital gains.**

Performance data prior to 6/21/2022 reflects the performance of the Fund as managed under the OSI ETF Trust.

For standardized performance please see page 3.

<sup>1</sup> The O'Shares U.S. Quality Dividend Index performance information reflects the blended performance of the FTSE USA Qual/Vol/Yield Factor 5% Capped Index through 5/31/2020 and the O'Shares U.S. Quality Dividend Index thereafter.

### Why OUSA?

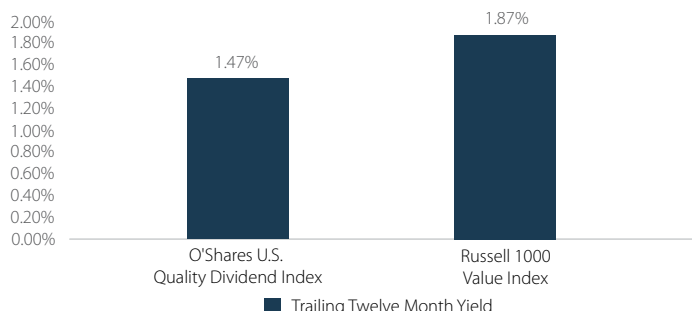
- **Quality Dividend Growth Stocks:** Seeks companies with strong balance sheets, profitability and dividend quality.
- **Performance:** Aims to provide strong performance with less risk than a market-cap weighted approach.
- **Reduced Risk of Yield Traps:** Emphasis on dividend quality to help avoid dividend cuts and suspensions.

## ALPS | O'Shares U.S. Quality Dividend ETF

### Dividend Yields of Broad Market Indexes

- As of June 30, 2025, OUSA's underlying index carries a trailing twelve month (TTM) dividend yield of 1.47% compared to the Russell 1000 Value Index's TTM yield of 1.87%.

### Trailing Twelve Month Dividend Yield



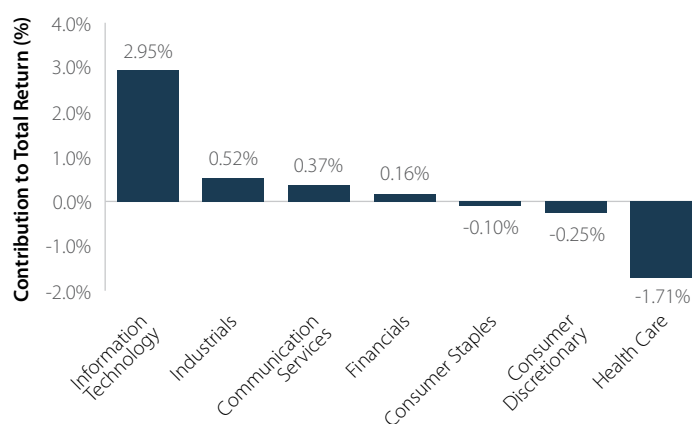
Source: Bloomberg L.P., as of 6/30/2025

**Past performance is no guarantee of future results.**

### Contribution to Return

- OUSA's leading contributors to performance by sector in Q2'25 were Information Technology (+2.95%), Industrials (+0.52%) and Communication Services (+0.37%), while Health Care (-1.71%) and Consumer Discretionary (-0.25%) allocations detracted from overall fund performance. Leading OUSA's Information Technology names in Q2, Microsoft Corp. (**MSFT, 5.76% weight\***), rallied nearly 33% on a wave of positive upgrades from analysts citing the company as a major winner in the AI race due to its significant stake in OpenAI. Enterprise software and cloud computing developer, Cisco Systems, Inc. (**CSCO, 3.74% weight\***), also gained 13.23% last quarter as AI tailwinds propelled incremental margins and an improved outlook for the company's network and security segments despite tariff concerns. Notably, OUSA's top-performing tech name in Q2 was semiconductor and infrastructure software name, Broadcom Inc. (**AVGO, 0.69% weight\***), rising over 65% on strong 2026 AI revenue forecasts (expected growth of +50% in AI revenues) driven by faster-than-anticipated deployments of AI chips for trained AI models among hyperscaler customers.
- Within OUSA's Industrials exposure, Eaton Corp. Plc (**ETN, 0.32% weight\***), surged nearly 32% in Q2 after the power management and data center infrastructure company announced plans to buy UK-based PCS Limited for \$1.5b in an effort to add military aerospace exposure to its business lines. Similarly, heating and cooling systems manufacturer, Trane Technologies Plc (**TT, 0.28% weight\***), gained 30.11% last quarter after reporting earnings above consensus estimates, with strong growth in the company's American segment (+14% y/y) driven by a substantial backlog in commercial HVAC equipment.

### Contribution to Return by Segment



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

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### Valuation Update

- The O'Shares U.S. Quality Dividend Index's (OUSAX) current P/E ratio of 23.33x is higher compared to the Russell 1000 Value Index's current P/E ratio of 20.09x due to its mix of higher quality holdings with a focus on profitability, lower volatility and dividend growth.

\* Weight in OUSA as of 6/30/2025

### Price Multiples

	O'Shares U.S. Quality Dividend Index <sup>1</sup>		Russell 1000 Value Index	
	Current	3 Year Avg	Current	3 Year Avg
Price/Earnings Ratio	23.33x	22.64x	20.09x	17.48x
Price/Book Ratio	6.53x	5.69x	2.72x	2.37x
Price/Cash Flow Ratio	16.56x	15.66x	12.60x	11.83x
Trailing Twelve Month Yield	1.47%	1.75%	1.87%	1.98%
OUSA 30-Day SEC Yield	1.53%			

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

**Past performance is no guarantee of future results.**

<sup>1</sup> The O'Shares U.S. Quality Dividend Index performance information reflects the blended performance of the FTSE USA Qual/Vol/Yield Factor 5% Capped Index through 5/31/2020 and the O'Shares U.S. Quality Dividend Index thereafter.

ALPS | O'Shares U.S. Quality Dividend ETF (OUSA) Performance as of 6/30/2025

Total Returns	Cumulative				Annualized			
	1 M	3 M	YTD	SI <sup>^</sup>	1 Y	3 Y	5 Y	SI <sup>^</sup>
NAV (Net Asset Value)	1.39%	1.82%	2.58%	167.69%	10.52%	12.24%	12.20%	10.38%
Market Price	1.39%	1.80%	2.44%	167.54%	10.35%	12.20%	12.21%	10.38%
O'Shares U.S. Quality Dividend Index - TR <sup>1</sup>	1.42%	1.93%	2.82%	181.47%	11.06%	12.81%	12.77%	10.94%
Morningstar US Large-Mid Cap Broad Value Index - TR	3.58%	2.89%	4.00%	176.77%	11.57%	14.03%	14.92%	10.75%
Russell 1000 Value Index - TR	3.42%	3.79%	6.00%	138.18%	13.70%	12.76%	13.93%	9.10%

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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.

Performance data prior to 6/21/2022 reflects the performance of the Fund as managed under the OSI ETF Trust.

<sup>^</sup> Fund inception date: 7/14/2015, date reflects the commencement of investment operations.

<sup>1</sup> The O'Shares U.S. Quality Dividend Index performance information reflects the blended performance of the FTSE USA Qual/Vol/Yield Factor 5% Capped Index through 5/31/2020 and the O'Shares U.S. Quality Dividend Index thereafter.

Total Operating Expenses: **0.48%**

Top 10 Holdings

Microsoft Corp	5.76%	Johnson & Johnson	4.25%
Visa Inc	5.19%	Alphabet Inc	4.08%
Home Depot Inc/The	4.84%	Cisco Systems Inc	3.74%
Apple Inc	4.56%	Mcdonald's Corp	3.38%
Mastercard Inc	4.29%	Merck & Co Inc	3.27%

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

Daily holdings are available at [www.alpsfunds.com](http://www.alpsfunds.com).

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## Important Disclosures & Definitions

**An investor should consider the investment objectives, risks, charges and expenses carefully before investing. This material must be preceded or accompanied by the [prospectus](#). 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.

Concentration in a particular industry or sector will subject the Fund to loss due to adverse occurrences that may affect that industry or sector. The Fund may use derivatives which may involve risks different from, or greater than, those associated with more traditional investments. A Fund's emphasis on dividend-paying stocks involves the risk that such stocks may fall out of favor with investors and underperform the market. Also, a company may reduce or eliminate its dividend after the Fund's purchase of such a company's securities.

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.

30-Day SEC Yield: reflects the dividends and interest earned during the period, after the deduction of the Fund's expenses.

Consumer Price Index (CPI): a measure of the average change over time in the prices paid by urban consumers for a representative basket of consumer goods and services.

Dividend Yield: a financial ratio that shows how much a company pays out in dividends each year relative to its share price.

FTSE USA Qual/Vol/Yield Factor 5% Capped Index: designed to measure the performance of publicly-listed large-capitalization and mid-capitalization dividend-paying issuers in the United States that meet certain requirements for market capitalization, liquidity, high quality, low volatility and dividend yield.

Morningstar US Large-Mid Cap Broad Value Index: designed to provide comprehensive, consistent representation of the large-mid cap value segment of the US equity market.

O'Shares U.S. Quality Dividend Index: designed to measure the performance of publicly-listed large-capitalization and mid-capitalization dividend-paying issuers in the United States that meet certain market capitalization, liquidity, high quality, low volatility and dividend yield thresholds. The high quality and low volatility requirements are designed to reduce exposure to high dividend equities that have experienced large price declines.

Price/Book (P/B) 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 (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/Funds from Operations (P/FFO) Ratio: a valuation ratio of a company's current share price compared to its per-share funds from operations.

Russell 1000 Value Index: measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

Trailing Twelve Month Yield: refers to the percentage of income a portfolio has returned to investors over the last 12 months.

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. and ALPS Portfolio Solutions Distributor, Inc., affiliated entities, are unaffiliated with O'Shares Investments.

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

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